

# Evaluation of National Film Corporation's Business Strategy for Film Distribution in Sri Lanka

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**Abstract:** *The purpose of this study is to evaluate the business strategy of the National Film Corporation for film distribution from 2002 to 2012 in Sri Lanka. A successful business strategy can be effective to satisfy the demand of viewing films for cinemagoers. To analyze the effectiveness of the business strategy, Rumelt's four criteria for strategy evaluation method was used. Research uses grounded theory and adopts a qualitative approach of in-depth interviews from the relevant key informants of the Sri Lanka's film industry. Relevant secondary information and data were obtained from the authorities. The suitable suggestions on cinema hall development and modern technology innovation were proposed. Besides, further research areas to streamline the business strategy for film distribution are made for the National Film Corporation.*

**Keywords:** Business Strategy, Grounded theory, Rumelt's Four Criteria, Strategy Evaluation

## 1. Introduction

The National Film Corporation (NFC) was established by the parliament act no: 47 of 1971 and its subsequent amendment act no 45 of 1980 on recommendations of the National Film Commission. Accordingly, the NFC was made the sole distributor of films in Sri Lanka. However, changing this monopoly situation, in early 2001 as stipulated by the national film policy and the guidelines provided by the Government Treasury Department, broadening the film distribution function, the NFC allocated film distribution to the private sector as indicated by a government circular (DMS 360/NFC/P, 1997). Four private film distributors, namely, are Cinema Entertainment Pvt. Ltd (CEL), EAP films and theaters Pvt. Ltd (EAP), Lanka film distributors Pvt. Ltd (LFD) and Movie Producers & Importers Pvt. Ltd (MPI). Furthermore, the NFC made a strategic decision to have its own distribution unit named Rithma Enterprise and also remained as the regulatory body for film distribution. The NFC developed the vision, mission, and objectives undertook strategic decisions for the betterment of the film industry [1].

Many organizations believe they have a vision for the future. But few have visions that are strategically helpful. To be helpful, a vision must state their wishes in operational terms, not how it intends to get there [2]. The NFC has controlled private film distributors with regulatory and decision making power, providing the overall business strategy for film distribution during the past decade. Films are major entertainment products, in most of the countries used in the creative economy [3]. The NFC could enhance the business opportunities to the film industry to strengthen the creative economy from Sri Lankan films. All firms must react to changes in the economy, regional and global conditions. During economic booms, firms are more likely to expand. During recessions they generally contract. But this is not true for all businesses. It depends upon their strategies [4]. Strategy can neither be formulated nor adjusted to the changing circumstances without a process of a strategy evaluation [5].

This study evaluates the business strategy for film distribution in Sri Lanka for the period 2002 to 2012. The research question explored, is "how effective was the NFC's business strategy for film distribution after privatization?" The objective is to determine the effectiveness of the NFC's business strategy for film distribution from 2002 to 2012. The NFC must have appropriateness of its vision, mission, objectives, as well as the major policies/plans and regulations for film distribution as the regulatory body of the film industry. The study approach is both qualitative and quantitative, based on responses from the relevant authority personals of the film industry.

When evaluating the NFC's business strategy, Rumelt's four criteria of consistency, consonance, feasibility and advantage were used. These four criteria of evaluation of the business strategy was concerned with the changes in the environment over the period of 2002-2012. Key players' experiences and perspectives were useful for the analysis of changes of the environment of the film industry. The Key players of the film industry are film producers, distributors and exhibitors. The intention of this study is to utilize this strategy evaluation with recommendations to strategy control, and achieve the NFC's vision strategically.

## 2. Literature Review

Strategy evaluation is the appraisal of plans and the results of plans that centrally concern or affect the basic mission of an enterprise. Its special focus is the separation between obvious current operating results and those factors which underlie success or failure in the chosen domain of activity. Its result is the rejection, modification, or ratification of existing strategies and plans [5]. This study analyzed data, both qualitative and quantitative to understand the business strategy of the NFC.

There were no substantial studies undertaken to evaluate the film distribution strategy in Sri Lanka. Referenced materials, secondary sources were used to analyze the policies and

guidelines of film distribution in Sri Lanka.

## 2.1 Referenced materials

In fact, the main referenced documents were government circular acts, policies, public documents/ websites of key players, trade journals, papers related to film distribution in Sri Lanka

Parliament Act # 47 of 1971: The NFC Establishment and Parliament Act #45 of 1980: Subsequent amendment of the NFC Act # 47 of 1971 for rights and role in film distribution in Sri Lanka, were reviewed.

Tax policy for films during 2002-2012 were reviewed while national budget proposals for 2007, 2008 and 2009 also reviewed. The imported films were under film importation policy effective from 09.10.1999. Film exhibition revenue and profit sharing was defined in the circular act GM/GEN/01 effective from 01.08.2002. It provides film exhibition revenue and profit sharing strategy for film distributors, producers and exhibitors. There were film distribution ratio for local and imported films under circular act (GM/GEN/01 subsidiary #01: Film distribution ratio to the distributors effective from 01.08.2002).

The main revenue stream of films comes from the film ticket price. Before privatization, the NFC introduced the 'Pricing strategy' for both Local and imported films effective from 1981. After privatization of the film distribution, the NFC continued the same pricing strategy. If the film could not generate the revenue, it would be taken out of the cinema hall. Films are removed from cinema halls under circular act (OD/GEN/187: Film removal strategy for film distributors effective from 17.02.1997).

## 2.2 Qualitative/Quantitative studies

Three research studies undertaken from India (Bollywood) and US (Hollywood) were reviewed in detail.

"Uniform pricing for differentiated goods" [6], was considered for pricing strategy of the films. The study analyzed the trend in theater attendance per capita and average admission prices in Hollywood movie industry from 1929-2002. The argument made about the decision making in pricing of the movie ticket. The authors attempt was to show that the pricing strategy was not streamlined to variable pricing model for film genre. As a result, the authors concluded that pricing strategy was not able to maximize the revenue of movie industry by enhancing the demand of moviegoers.

The authors Mark Lorenzen and Florian Arun Taeube used a single case study. The research "Breakout from Bollywood" [7] is for cluster of film making in Mumbai, India, popularly called 'Bollywood'. The analysis yielded insights into the demand, government regulations, institutions and social networks. The evolution of dominant types of production and coordination modes during 2003-2005 in relation to urbanization of Mumbai were analyzed in this case study.

There were exploratory studies based on qualitative interviews to assess diverse opinions in film merchandising activities in India [8]. The study focus was on trade journals connected with the film industry, licensing business and retailing industry in India and the USA. The information used by the author is from secondary sources and also used tacit knowledge and experience of interviewees.

## 3. Methodology

First, this study uses a phenomenological approach by examining the experiences of the key players in the film industry. Grounded theory approach was used to construct explanations and develop required theories based on primary data collected. Grounded theory refers to a set of systematic inductive methods for conducting qualitative research aimed towards theory development [9].

Qualitative data were collected through in-depth interviews and based on official documents. Interviews were carried out with seven officials at top, middle and operational levels of the NFC, seventeen officers from top, middle and operational levels from all distributors, and ten film producers including art house, commercial and blockbusters. Ten exhibitors representing all nine provinces with an additional one from the Western Province in Sri Lanka were drawn for the study. Further, six persons were interviewed including industry experts, reputed actors. The interviews were undertaken as per availability of the interviewees and personally visiting them. Some of the exhibitors in rural areas were interviewed using telephone mode. The duration of the interviews varied between 30 to 90 minutes based on the availability of the interviewee. The interviews were recorded on tape with the consent of the interviewee. Then electronic recordings were transcribed for analysis. The transcripts were manually analyzed. The secondary data were analyzed to verify and validate the qualitative findings from the key players. Based on the grounded theory approach, the main research questions explored was;

How effective was the NFC's business strategy for film distribution after privatization?

The Rumelt's evaluation method is to systematically analyze the business strategy where alignment of the organizations effectiveness and efficiency in relation to their business strategy. Richard Rumelt developed four criteria for evaluating a strategy as listed below;

1. Consistency - goals and policies are mutually consistent
2. Consonance - adaptive to changes in the environment
3. Feasibility - it is possible with available resources
4. Advantage - provides a competitive advantage

Consonance and advantage are mostly based on a firm's external assessment, whereas consistency and feasibility are largely based on an internal assessment [10].

## 4. Results and Discussion

The research findings were based on analysis of qualitative and quantitative data. First, the context was identified from a stakeholder analysis of the NFC. Seven major 'stakeholders',

namely government officers, cinemagoers, film distributors, exhibitors, film suppliers (producers/importers), partnerships (non-profit organizations/unions) and media sponsors/advertising agents were identified. Besides, the NFC has three „key players“ and they are film distributors/importers, producers and exhibitors.

In Sri Lankan film industry, 'distribution circuit' represents the network of film distributor along with its exhibitors. Film distribution circuit is defined by the NFC's business strategy. There are four private distribution circuits (EAP, CEL, LFD and MPI) with NFC's distribution circuit (Rithma) along with their respective exhibitors in the context. The effectiveness of the business strategy for film distribution was assessed using the information drawn from the "key players" of their experience and perspectives.

#### **4.1 Consistency**

To determine the „consistency“, the analysis compared the NFC's objectives, major policies, plans and actual results with the information presented the public website of the NFC. Further, key players perspectives and experiences with NFC's governance was examined.

It is essential to understand the context of the film distribution strategy in Sri Lanka. The NFC's officials explained their experience of the context.

The former Assistant General Manager (AGM) – Marketing, Production and Research, (NFC) provided his insights. It is evident that the NFC, established in 1977, was initiated to develop the Sri Lankan film industry. With the decline of the film industry from late 1979, there were many strategies introduced. The strategies were introduced to uplift the cinema halls, infrastructure, and develop creative talents with state funding. Moreover, the funds were used to maintain studios and technical development. But, unfortunately internal and external factors had effected to the cinema during the period. Many poor quality films were made at that time due to lack of commitment and poor review of the film producers. As a result, the NFC had to evaluate the performance of films and select the quality of films which represented the social values of Sri Lankan culture. The Public Performance Board (PPB) was established to evaluate the quality of films produced. Even though, the NFC attempted to upgrade the quality of films and standards in terms of its vision, it was unable to prevent the decline of the film industry.

Therefore, the inevitable result was the privatization of the NFC by the government and to open up new opportunities for the private sector to enhance the development of the film industry. The suggestion was proposed by most of the leading artistes and film producers in the late 2000s. They influenced political leaders to implement privatization. So, the private sector ethos influenced the vision and mission and attempted to expand the "business" approach in the film industry. Introducing new technologies and adopting corporate strategies were pursued. Former AGM of the NFC summarized.

"Today, in a damning but a classic case of a total failure of vaunted private sector initiative, yearly attendance has declined from 17 million in 2001, when the privatization occurred, to a mere 7.6 million in 2007- this at a time when the population had risen to 22 million. The number of cinemas has dropped to 148, from the 179 in 2001 and the 365 in 1979" [11].

However, the strategic decisions that the NFC made at the privatization have still not made any change in the business as a strategic choice to gain sustainable outcome. Chief Executive Officer (CEO) of Lanka Films Distributors (Pvt) Ltd., emphasized in her views.

"It is evidence that as a business level strategy, the NFC kept its own distribution circuit as a Strategic Business Unit (SBU) while making the other four private distribution circuits to increase the bargaining power of distributors over producers."

Most of the key players agreed, that NFC had also made strategic decisions on geographic locations of cinema halls for the distribution circuits. The NFC had made a strategic decision to allocate cinema halls for private film distributors. But, the NFC did not foresee the growth and development of the infrastructure or cinema halls allocated to the film distributors. There was no plan for cinema hall development either. The NFC did not even guide private film distributors or exhibitors to upgrade or develop the cinema halls to cater for a projected future public demand for cinema entertainment.

The AGM of the NFC explained further. All the exhibitors except those in the Western province agreed that the NFC did not take the responsibility to upgrade the quality of cinema halls by providing technology and facilities during the period (Table 1).

Besides, CEO of LFD expressed that "the protection of cinema copies is also not seen as an articulate activity in their strategic decision taken in the mission statement of the NFC".

The idea was shared by most of the leading film producers who were interviewed as well. The private entities based on their personal commitments have made effort to protect the films having their own archives.

The NFC has been slow in developing and taking initiatives in the film industry compared with other entertainment industries in Sri Lanka. Most of the exhibitors and private distributors critiqued that the NFC's supportive role and the major policies and business guidelines. They explained that the policies are not flexible to enhance the quality of films or develop the infrastructures of the film industry.

The former CEO of EAP expressed, "the NFC has recently restricted film copies to 35, as it has no strategy to distribute more film copies". He also mentioned that, "The NFC needs to play a supportive role at a proactive level to uplift the cinema industry focusing on several critical aspects such as technology, quality, infrastructure, creativity and

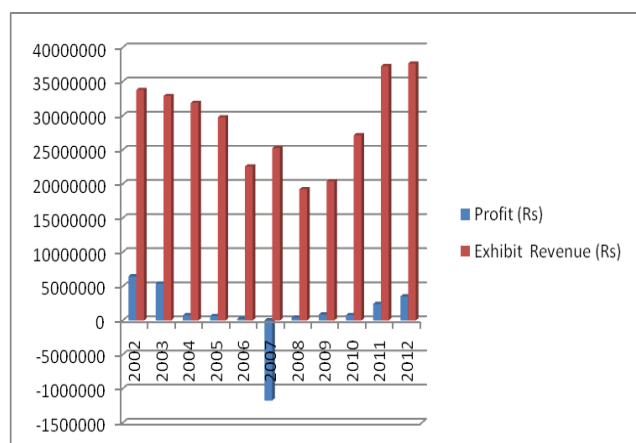
innovation". He expressed that "the NFC's supportive role is hidden during the period".

For instance, not only the private sector can enhance the cinema halls and its quality with modern facilities, but also the potential and possibilities are available in the NFC to perform the same. This was repeated over and over again by the key players. The reason is that some private distributors are only surviving in the industry while only a few are gaining much income. Therefore, all private distributors or exhibitors cannot make capital investment in cinema halls for further developments. Yet, the NFC has government funds, foreign mission and union's collaboration and more funding facilities that can be utilized for new developments in cinema halls.

Most of the key players interviewed for this study, expressed their experiences with the view that NFC should be accountable to align the vision, mission to reduce the gap of expected vs. actual results.

#### 4.2 Consonance

At this level of analysis, both performance evaluation and market measures were considered for the period 2002-2012. To determine the economic profitability, annual film exhibition revenue and profits/losses of the NFC were analyzed.



**Figure 1:** Annual exhibit revenue and profit/loss of the NFC after privatization (Source: Annual reports of the NFC)

The NFC has a major revenue stream from exhibit revenues that comes from distribution circuit of Rithma and "Levy" collection of other private distribution circuits for films exhibited every year. Levy is defined in the NFC's business strategy and included as an indirect tax of the ticket price for the NFC's welfare.

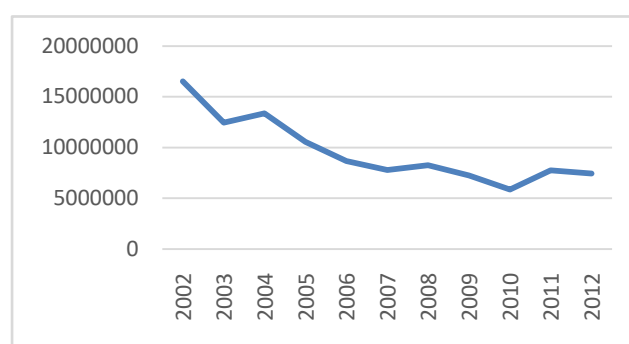
The NFC has been utilizing the other income sources such as government funds and service charges from hiring its facilities.

In the figure 1, a significant loss in 2007 is shown, which was due to the salary increments and maintenance investments provided by the NFC. However, the profit is seen as an incremental trend from 2008 to 2012. It is evident that the NFC has a significant potential in further development and implementation of new strategies to

address the strategic gap in the present context, which is widely believed by the NFC.

"My attempt is to transform the NFC into a financially sound institution to uplift the film industry in Sri Lanka and build a viable future for the film community including artists, technicians and all partners of the industry according to the government development policy", former Chairman (NFC) said.

It is vital to determine the market share of the film industry compared to its own development from 2002 to 2012. The market share is accurately measured by the number of patrons (Tickets sold) for every year. Patrons or admissions are the key words used for tickets sold. In fact, ticket revenue provides misrepresentative the truth of the real situation in the film industry. Ticket revenue depends on the ticket price, which is considerably growing with the inflation.



**Figure 2:** Trend of annual patrons (2002-2012)

Source: "Chitrapata", Sep-Dec, 2013 (ISSN-1800-0274)

Therefore, annual patrons provides the trend of the film industry as in figure 2. It is evident that the annual patrons has the descending trend in the past decade.

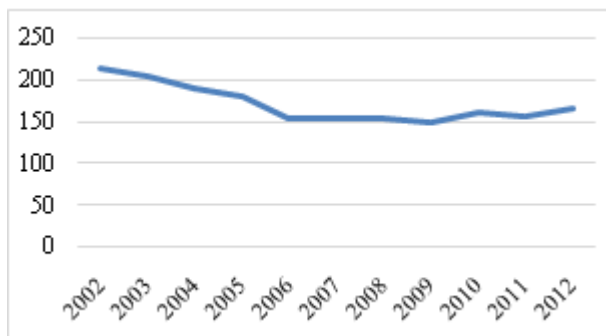
#### 4.3 Feasibility

At this level of analysis, "key players" feedback and views were compared and interpreted with evidence of facts and data from the NFC. The major resource of the film industry is the exhibition/cinema hall (Figure 3).

It is evident that from 2002 to 2012, there is a drop in the number of cinema halls from 214 to 167. Also, it is vital to determine the services and facilities available in the exhibition halls from 2002 to 2012.

Table 1, summarize the cinema hall development over the period with facilities and technologies. Release center is defined as the most popular cinema hall in the city. Distributors have many release centers which are used to first screen of the new films.





**Figure 3:** Decrement of Cinema halls (2002-2012)

Source: "Chitrapata", Sep-Dec, 2013 (ISSN-1800-0274)

Dedicated To Sound (DTS), digital theater technology was installed in only 55 cinema halls, while only 9 cinema halls have Dolby/RealD technology and only 2 cinema halls have 3D technology. Besides, total release centers are 134 in the island covering 23 districts at 2012. With reference to Table 2, Mullaitivu and Killinochchi districts have no cinema halls and those were shut down at the war period, during the past 30 years.

**Table 1:** Cinema hall facilities developed from 2002 to 2012

Distributor	Total Cinema halls	Release centers	3D	DTS	Dolby or RealD
EAP	32	31	1	14	3
CEL	23	22	1	5	5
NFC	57	43	0	15	0
MPI	35	23	0	13	1
LFD	20	15	0	4	0

Former managing director, (MPI) explained with his experience from the NFC and MPI, "Even after six years from post war period, the fresh market of growing Tamil population has not been tapped by the Sri Lankan film industry".

As per leading "exhibitors" views at the interviews, it is very difficult to invest in the developments of cinema halls as it takes a high payback period and high risk in recovering the investment. Also most of the film producers explained that cinema halls needed to be upgraded and the NFC should have a main role to take the initiatives for further developments in the film industry to make a competitive environment for latest technology challenges in the entertainment industry.

#### 4.4 Competitive Advantage

This study focused on the NFC's business strategy for film distribution, whether it had provided a competitive advantage (CA) for NFC or any distribution circuit/s. The EAP and CEL distributors agree that their distribution circuits have an advantage, which enables them for making profits and surviving in the business. However, key players' perspectives were analyzed with all cinema halls and population growth from 2002-2012. As a result, this analysis discovers cinemagoers in all 25 districts in Sri Lanka could have facility to watch films according to the availability of cinema halls. Also, population of each district and cinema hall/s may represent the competitive environment for key players. This analysis found the potential of the competitive

environments in Sri Lanka which have not utilized for cinema hall facilities and summarized in Table 2.

There are 8 districts which have not fully utilized by the key players for film exhibition. There is a potential of making a competitive environment to facilitate cinemagoers Killinochchi and Mullaitivu districts. This analysis examined if the NFC's business strategy has enabled the key players to gain a competitive advantage.

**Table 2:** CA analysis of Film distribution circuits and cinemas in war affected predominantly rural districts

District Population from 2001 → 2012 year	Film Distribution Circuits				
	NFC	EAP	CEL	MPI	LFD
Ampara 592,997 → 648,057	0	1	0	1	0
Batticaloa 486,447* → 525,142	0	0	0	2	0
Killinochchi 127,263* → 112,875	0	0	0	0	0
Mannar 151,577* → 99,051	0	0	0	1	0
Matale 441,328 → 482,229	0	0	0	1	0
Monaragala 397,375 → 448,142	1	0	0	0	0
Mullaitivu 121,667* → 91,947	0	0	0	0	0
Vavuniya 149,835* → 171,511	0	0	0	1	0

Source: Cinema halls in Sri Lanka (2012) for five distribution circuits < www.nfc.gov.lk>

Source: < www.statistics.gov.lk>

Population in districts in 2001 and 2012

Note: The population statistics for unauthorized districts due to war period (2001) are estimates marked by a \* symbol

CEO of LFD strongly expressed that the business strategy did not make a competitive environment for most of the key players in the industry. According to the results of analysis in significant districts, the MPI has a competitive advantage. But, most of them exhibit imported Tamil films.

The exhibitors in rural areas agreed that they cater the demand of Tamil population specially in North East province. The table shows that the MPI utilize the geographic areas in Batticaloa, Manna and Vavuniya compared to the other distribution circuits. However, there were no cinema halls developed in these districts during the period. There were no initiation taken to cater to the needs of the cinemagoers in rural areas after post war as expressed by the exhibitors in the North Eastern province.

Furthermore, distribution circuits were analyzed with their capabilities using the tool VRIO Framework as in the Table 3. The VRIO-framework represents the practical application of the resource-based view (RBV) [12]. The analysis was useful to identify the competitive implications of the distribution circuits.

**Table 3:** VRIO Framework for CA analysis of distribution circuits

<i>Film Distribution Circuit</i>	<i>V</i>	<i>R</i>	<i>I</i>	<i>O</i>	<i>Competitive implications</i>
EAP	Yes	Yes	Yes	No	Temporary Advantage
CEL	Yes	Yes	Yes	No	Temporary Advantage
NFC	Yes	No	Yes	No	Parity
MPI	Yes	No	Yes	No	Parity
LFD	Yes	No	Yes	No	Parity

The main sources used were the official websites of the film distributors. The public/private qualitative information have been gathered from respondents for which permission was obtained from the authorities. It is evident that EAP and CEL have temporary advantage developed until the present context. This analysis of competitiveness was performed for film distribution circuits based on their services. It is determined that there is no competitive advantage for long term for key players in the film industry. CEO's of CEL and EAP emphasized. Most of the key players summarized their experience that the NFC had made decisions for equity of the key players in the film distribution mechanism. Key players explained that making equity to key players which could never justify the difficulties faced at the film distribution during 2002-2012.

Industry experts and leading artists also expressed that private film distribution circuits also have responsibility to satisfy the needs of cinemagoers by uplifting the facilities and renovating the cinema halls. Besides, they explained that producers and artists should be creative and focus of the quality of the films.

"Once in the saddle, the film private sector distributors did almost nothing except for EAP who improved cinemas. Beyond that there was no display of the vaunted private sector initiative. Their main criticisms were that there is no better films; no superior marketing; no attempts to make cinema going value for money; no attempts at reducing costs. In a curious display of private sector „initiative,“ admission fees were increased repeatedly at a time of declining demand to an average of Rs. 200 per seat! As cinemagoers deserted in droves cinema halls became cheap love hotel heavens for young lovers" [11].

## 5. Conclusions

This study analyzed the NFC's business strategy for film distribution, and evaluated based on Rumelt's method of four criteria in i) consistency, ii) consonance, iii) feasibility and iv) advantage. On the consistency criterion, NFC's goals and policies were examined for their mutual consistency. Based on the information provided by the "key players" explanations for NFC's vision, mission, objectives and mandate, it is hard to say that NFC's business strategy for film distribution is aligned with business plans and policies. Secondly, consonance criterion was evaluated for probing, whether NFC's business strategy was adaptive to the environment from 2002-2012. The performance evaluation of NFC's economic profitably and market measures in annual patrons from 2002 to 2012 were analyzed using secondary data.

In national accounts compilation, the cinema comes under „entertainment“ in the private services subsector of the services sector. This private services sector accounts only for less than 3% of overall GDP. The cinema, although it is one of the most lucrative industries in the world, has very little contribution for overall economic development of the country. Due to negligence and lack of visionary policy intervention, the true potential of this industry has not been exploited [13].

Thirdly, feasibility criterion was evaluated to find out whether, NFC's business strategy could achieve effectiveness of the film distribution. The main resources available are cinema halls, which have not been developed with available state of the art technology and number of release centers for public demand to exhibit films remains low. The analysis is shown that actual situation of the resources/infrastructure development are substandard.

Lastly, the fourth criterion of competitive advantage was evaluated to see whether NFC could provide competitive advantage for film distribution circuits. Analysis of findings in this research evidenced that; the NFC could only provide temporary competitive advantage for key players which cannot be satisfied in the film industry for long term. The root cause of cinema hall decline and failure to exploit the opportunities were due to flawed strategic decisions of the NFC at privatization and follow up efforts [14].

Thus, it is hard to say that the four criteria of the NFC's business strategy evaluation are successful or favorable for the film industry during 2002 to 2012. However, "key players" common view is, that strategic improvements are needed as a prompt initiative by NFC or government. The need is strongly felt for many years.

"How can we afford to have a national film policy of celluloid when it is no longer a medium of the world? Today 80% of the global cinema is digitalized. With no inkling of the future of the industry, the so called guardians of the industry are making delightful speeches resulting in nothing" [15].

Recently in 2015, NFC made a strategic decision to penalize, limiting 35 copies of films and enable public demand for viewing films for cinemagoers. The NFC provides a contingency plan to merge all the cinema halls of all distributors. Then it is merged for three line ups as 45, 45 and 46 cinema halls for Sinhala film exhibition. At the moment, it can provide a temporary competitive advantage for key players as per the analysis of this research. It is reasonably to conclude, that the business strategy of the NFC for film distribution in Sri Lanka, could not be streamlined for today's context effectively, to satisfy the public demand of film distribution. As per above evidence the notion that NFC business strategy for film distribution was not effective after privatization cannot be rejected.

Thus, it is evident that present business strategy of the NFC for film distribution, cannot ensure for long term benefits for the film industry.

## 6. Recommendations

The NFC has a dual role in the film industry, as a regulatory body and a distribution circuit. Besides, the NFC has an authorized power to take strategic decisions for the further development in the film industry. The NFC can merge five distribution circuits into three maximum distribution circuits with mutual consent of cinema hall owners. There must be a proper distribution ratio of cinema halls, representing the nine provincial of the island. Five distribution circuits can be merged into three distribution circuits as a contingency plan, until the cinema halls develop up to expected level.

The NFC should initiate a supportive and proactive role in investigating and review of quality of films and cinema halls. The NFC can provide a review board from script level to post production of the film which includes the standards and guideline for film producers/directors. Since, the NFC has the collaboration with private-public partnerships, there are resources personals, experts and technicians whom can support the Sri Lankan cinema and upgrade the quality of films. Then it is also useful at the film distribution via facilitated infrastructure which can satisfy the cinemagoers.

As a suggestion, mini cinema hall with 100-200 seating capacity would be a favorable investment. Also, existing cinema halls can be assessed by the NFC. Further actions can be taken to upgrade the cinema halls with new technology and facilities. Then, all the cinema halls can be graded based on facilities available. The NFC should associate with key players' guild and get the continuous feedback to upgrade profit sharing strategy, pricing strategy, film removal strategy, tax policy, import policy for long-term sustainability of the film industry. The NFC should perform further research to upgrade those strategies or formulate new strategies to penalize the drawbacks at present.

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