



# Third-party risk management: Evolving third party landscape in India's media and entertainment industry

Our view on mitigating third party risks to enable sustainable growth in India's evolving media and entertainment industry



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## Introduction

The media and entertainment (M&E) industry has evolved from traditional formats to digital platforms, transforming how we consume information and entertainment. This rapid evolution brings both opportunities and significant risks. Companies must adapt to new business models, navigate regulatory requirements, and manage heightened competition when collaborating with external partners. The M&E sector relies on a diverse range of third parties, including content creators, distributors, digital platforms, advertising agencies, and production houses. These third parties expose companies to risks such as intellectual property violations, data privacy issues, regulatory non-compliances, and reputational damage. By assessing these third-party relationships, organisations can mitigate risks and ensure compliance.



## Global presence and Indian market

The global M&E industry size is estimated at USD32.21 billion in 2025 and is expected to reach USD46.89 billion by 2030<sup>1</sup>. The Indian M&E industry is projected to grow at a Compound Annual Growth Rate (CAGR) of 10.2 per cent, reaching USD30.8 billion by 2024 and USD37.2 billion by 2026<sup>2</sup>.

## Trends and outlook navigating the new media landscape

### Third parties shaping the M&E industry








1. Source: Media and Entertainment Industry in India – India Brand Equity Foundation (IBEF) (05-Jan-25, accessed); How big is the media and entertainment industry – Rational Stat (18-Dec-23, source date); Media and Entertainment Market Landscape – Mordor Intelligence (05-Jan-25, accessed).
2. Source: Media and Entertainment Industry in India – IBEF (05-Jan-25, accessed).
3. Source: Internet Crushes Traditional Media: From Print to Digital – US Census Bureau, Adam Grundy (07-Jun-22, source date); OOH ad revenues hit record low in 2020 – Digital Signage Today (Sep-21, source date).
4. Source: Influencer Marketing Statistics – SupplyGem, Noel Griffith (11-Apr-24, source date); 2025 Influencer Marketing Report – Collabstr (05-Jan-25, accessed).

# Regulations governing third parties in the M&E industry

Regulations in the M&E industry are crucial for promoting fair practices, protecting consumers, and ensuring ethical conduct. With technological advancements, the regulatory landscape now covers data protection, content licensing, labour practices, and environmental impact. Monitoring and risk assessments have become essential for managing third-party relationships, moving beyond basic compliance and financial audits. Regulations like India's Digital Personal Data Protection Act (DPDP), Europe's General Data Protection Regulation (GDPR), and the U.S. California Consumer Privacy Act (CCPA) set global standards, emphasising consent, data breach notifications, and stronger individual rights<sup>5</sup>.

## Key compliance areas





 <b>Data privacy and protection</b>	Adhering to regulations like the DPDP Act, GDPR, and CCPA
 <b>Content licensing and copyright</b>	Ensuring compliance with copyright laws and licensing agreements
 <b>Financial and operational capabilities</b>	Assessing the financial health and operational reliability of third-party vendors
 <b>Ethical and social responsibility</b>	Ensuring fair labour practices and sound environmental policies
 <b>Risk management and monitoring</b>	Conducting risk assessments and continuous monitoring
 <b>Regulatory compliance</b>	Adhering to anti-corruption laws and industry-specific regulations.



5. Source: The Information Technology Act (ITA), 2000 – Government of India (05-Jan-25, accessed); ITA – BYJU's (05-Jan-25, accessed); The History of the General Data Protection Regulation – European Data Protection Supervisor (EDPS); Data Protection in the EU (05-Jan-25, accessed); California Online Privacy Protection Act (CalOPPA) – Consumer Federation of California (29-Jul-15, source date); California Consumer Privacy Act (CCPA) – Office of the Attorney General, California (13-Mar-24, source date).

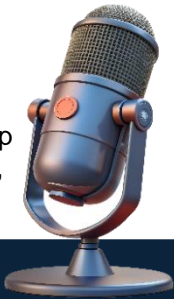


# Regulatory bodies in India

Regulatory bodies	Regulations	Third-party risk assessment focus
 <b>Ministry of Information and Broadcasting (MIB)</b>	Regulates information, broadcasting, press, and films (radio, TV, print media, etc.).	<ul style="list-style-type: none"><li>• <b>Regulatory compliance:</b> Ensure third parties comply with MIB regulations</li><li>• <b>Content integrity:</b> Evaluate adherence to community standards</li><li>• <b>Financial stability:</b> Assess financial health</li><li>• <b>Political and social influence:</b> Maintain content neutrality</li><li>• <b>Geopolitical risks:</b> Assess international sanctions risks.</li></ul>
 <b>Central Board of Film Certification (CBFC)</b>	Regulates public film exhibitions under the Cinematograph Act 1952.	<ul style="list-style-type: none"><li>• <b>CBFC compliance:</b> Verify adherence to certification standards</li><li>• <b>Reputation:</b> Evaluate compliance track record</li><li>• <b>Copyright risks:</b> Ensure no use of unapproved copyrighted material</li><li>• <b>Financial stability:</b> Assess operational reliability and financial health.</li></ul>
 <b>Telecom Regulatory Authority of India (TRAI)</b>	Regulates tele-communications and broadcasting services.	<ul style="list-style-type: none"><li>• <b>Regulatory compliance:</b> Verify compliance with TRAI regulations</li><li>• <b>Anti-bribery:</b> Screen for bribery, corruption, or fraud</li><li>• <b>Reputation:</b> Assess public record for red flags</li><li>• <b>Financial stability:</b> Evaluate financial health and operational capacity</li><li>• <b>Continuous monitoring:</b> Detect changes in compliance or financial health.</li></ul>
 <b>Advertising Standards Council of India (ASCI)</b>	Self-regulatory body for the advertising industry.	<ul style="list-style-type: none"><li>• <b>Transparency:</b> Check for misleading advertising</li><li>• <b>Non-compliance:</b> Monitor for repeated non-compliance</li><li>• <b>Social media:</b> Ensure adherence to ASCI guidelines.</li></ul>

## Typical risks associated with third parties

Basis 1000+ third parties screened by KPMG in India in 2024 (which comprised of proprietorship firms, partnership firms, private companies, public companies, and limited liability partnerships), prominent risks emerged in the following areas:



01	Reputational risks
<ul style="list-style-type: none"><li>• <b>Use of animals in advertisements</b> - Use of animals in advertising campaigns, especially when it contravenes animal protection laws, exposes companies to legal repercussions and reputational harm</li><li>• <b>Utilising personal data</b> – Improper use of personal data for targeted advertising is a growing concern, especially as privacy laws tighten globally. If third parties misuse or mishandle personal data, it can lead to fines, legal action, and a loss of consumer trust</li><li>• <b>Data manipulation:</b> Misrepresenting consumer demographics or interests by manipulating data is unethical and can lead to false advertising, flawed marketing strategies, and legal repercussions</li><li>• <b>Safety violations:</b> Partnering with third parties that don't meet safety standards can result in serious legal and reputational consequences, including lawsuits, regulatory fines, and public criticism</li><li>• <b>Sexual harassment:</b> Allegations of sexual harassment against the key executives or owners of third parties</li><li>• <b>Political exposure:</b> Association with political parties or government owned entities/agencies. Politically Exposed Persons (PEPs), due to their influential positions, are more likely to be involved in corruption, bribery, and other financial crimes.</li></ul>	



## 02 Legal risks

- **Litigation:** Involvement of third parties in criminal and civil cases
- **Copyright infringement:** In advertising, using copyrighted materials without due diligence can lead to lawsuits and costly legal battles, potentially halting campaigns, and damaging client relationships
- **Patent infringement** – Patent infringement lawsuits can lead to costly settlements, licensing fees, and even court-mandated restrictions on the use of the infringing technology
- **Illegal outdoor advertising:** Unauthorised billboards and failure to secure permits pose significant legal risks, including hefty fines and forced removal, as outdoor advertising is strictly regulated
- **Monopolistic actions:** Companies that unfairly control pricing or suppress competition through dominant market positions face scrutiny under antitrust laws. Monopolising advertising platforms can result in legal penalties
- **Failure to return leased advertisement equipment** - Failing to return leased advertisement equipment, such as digital billboards, projectors, or other advertising assets, after the lease term expires constitutes a breach of contract.



## 03 Regulatory risks

- **Anti-competitive practices** – Practices like price-fixing, collusion, or market dominance abuse are strictly regulated by global antitrust laws. In advertising, this may involve competitors manipulating ad prices or controlling media access
- **Ethical concerns** – Misleading advertisements, where companies make false claims about products or services, raise significant ethical and regulatory issues. Regulatory bodies may impose fines, demand corrective advertising, or even ban companies from advertising in severe cases
- **Misinformation and fake news** - Companies promoting false or misleading content may face legal liabilities, lawsuits, and regulatory scrutiny. Stricter guidelines on content distribution mean non-compliance can lead to financial penalties, content bans, and reputational damage
- **Violation of data protection laws** - Violating data protection laws poses major regulatory risks. In advertising, misuse of personal data for targeted campaigns can lead to serious legal consequences
- **Tax evasion** - Tax evasion presents serious regulatory and legal risks. Companies engaging in tax evasion not only face financial penalties and criminal charges but also risk damaging their reputation with investors, partners, and consumers
- **Money laundering** - Companies involved in or unaware of money laundering can incur hefty fines, lose business licenses, and face criminal charges under anti-money laundering (AML) laws. Such associations can result in reputational damage and increased regulatory scrutiny
- **Engaging with entities operating in sanctioned countries** - Engaging in business with entities operating in sanctioned countries presents severe legal and financial risks. Violating international sanctions can lead to hefty fines, loss of business licenses, and restrictions on trade.



## 04 Financial risks

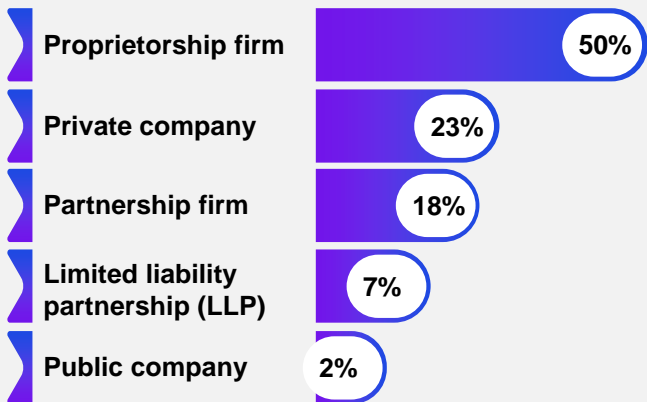
- **Compliance issues** - Non-filing of annual GST returns, PAN mismatch and potential identity issues
- **Vendors incurred losses** - A company's failure to meet financial commitments to vendors can result in legal action, supply chain disruptions, or increased costs as vendors may charge higher fees to mitigate their risk
- **Delayed remittance of outstanding dues** - Failure to remit taxes on time can damage a company's reputation, signalling poor financial management to investors, partners, and stakeholders
- **Credit defaults** - Defaulting on credit can lead to severe financial consequences, including damage to the company's credit rating, higher borrowing costs, legal action from creditors, and loss of access to financing
- **Insolvency and bankruptcy** - Insolvency and bankruptcy pose significant risks to a company's operations, as they can result in the loss of assets, dissolution of the business, and legal disputes with creditors
- **Cases of dishonoured checks** - A cheque bounce, or a dishonoured cheque, occurs when a cheque issued for payment is returned by the bank due to insufficient funds, a mismatch in signature, or account closure. It can lead to legal consequences under the Negotiable Instruments Act in many countries.

## Demonstrating our expertise

A sample of 1000+ third parties associated with media and entertainment companies in India and evaluated by KPMG in India in 2024, identified the following information:

- Types of third parties comprise of an almost equal mix (52 per cent vis-à-vis 48 per cent) of entities and individuals
- Third parties in the media and entertainment industry largely operate as proprietorships (50 per cent), followed by private companies (23 per cent) and partnership firms (18 per cent) in India. This poses challenges in scalability, governance, and compliance. Proprietorships often struggle with scaling operations, maintaining robust governance, and meeting regulatory requirements due to limited resources.<sup>6</sup>

### Types of companies Screened



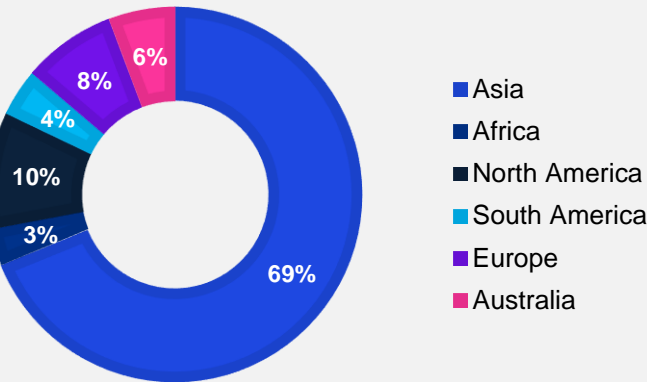
## Geographic coverage

KPMG in India's evaluation of third parties (including companies and individuals) in the media and entertainment industry reveals a rich and diverse geographical distribution. Our analysis of a sample size of 1,000+ reports on third-party due diligence for companies and individuals in this sector spans major regions, including Asia, Africa, America, Europe, and Australia. This extensive geographic coverage helps ensure a thorough understanding of the diverse regulatory landscapes, market dynamics, and risk factors relevant to each region.

This geographical mix paints an extensive picture of the global media and entertainment landscape. Each region contributes its unique strengths and opportunities, highlighting the importance of understanding regional dynamics to foster effective partnerships and drive global success.<sup>6</sup>

Reputational, regulatory, financial, and legal risks emerge as key risk categories in the population under study. The findings indicate that legal risks related to pending lawsuits, both civil and criminal, are majorly prevalent, followed by regulatory risks such as money laundering, tax evasion, anti-competitive practices, sanctions, and others, highlighting significant concerns around legal compliance and regulatory adherence. Additionally, the presence of financial and reputational risks underscores the multifaceted challenges businesses face.<sup>6</sup>

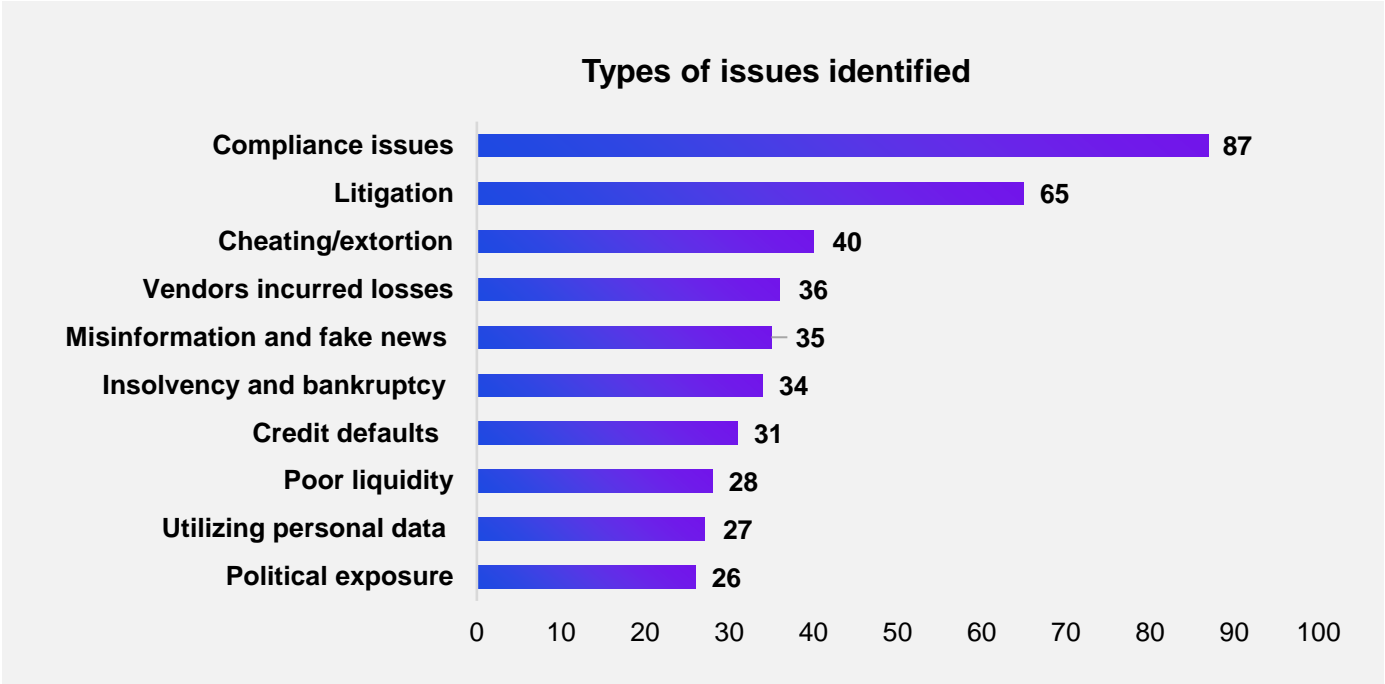
### Geographic distribution



6. KPMG in India's analysis

## Types of issues identified

KPMG in India has identified diverse issues while conducting due diligence on third-party entities. Compliance issues, primarily stemming from regulatory non-compliance, constitute the largest segment and often expose businesses to legal penalties and operational disruptions. Litigation, insolvency, and bankruptcy are also significant concerns, underscoring the legal and financial challenges businesses face. Additionally, fraudulent activities, intellectual property violations, and political exposure highlight the complexity of risk management and the necessity for robust due diligence processes.<sup>7</sup>



7. KPMG in India's analysis

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