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THE ROAD MAP TO MUSSORRIE...

MAINS Impact- 2025 – 05/02/2025

CREATIVE ECONOMY OF INDIA

SYLLABUS:

GS 3 > Economic Development >> Media and Entertainment Industry

REFERENCE NEWS:

The Ministry of Information & Broadcasting has announced the Truth Tell Hackathon challenge in collaboration with the India Cellular & Electronics Association (ICEA). The Hackathon is part of the Season 1 of Create in India Challenge (CIC) of the inaugural World Audio Visual & Entertainment Summit (WAVES) 2025. The challenge is a pioneering initiative aimed at developing AI-powered solutions to combat misinformation in live broadcasting.

WAVE SUMMIT 2025: India will host the inaugural World Audio Visual & Entertainment Summit (WAVES) from February 2025, aimed at boosting its media and entertainment industry globally.

- The summit will cover key areas like Animation, Visual Effects, Gaming, and Comics (AVGC) and encourage dialogue, innovation.
- This will be the first global summit covering the entire media and entertainment spectrum.
- WAVES aims to foster dialogue, innovation, and trade partnerships among key players in the media and entertainment industry. The summit will feature discussions on trends, challenges, and opportunities, especially as new technologies reshape the sector.
- The Telangana government is backing the summit, highlighting its innovative ecosystem for media and entertainment.
- Additionally, the government is committed to combating piracy and supporting the growing gaming industry. This includes governmental initiatives to protect content creators and industry stakeholders.
- WAVES will also explore advancements in audiovisual technology, such as 8K resolution, virtual reality, and AI's impact on content creation.
- The summit will provide networking opportunities for emerging talent and industry veterans, focusing on sustainable production and global market strategies.

CREATIVE ECONOMY OF INDIA:

The **Creative Economy** refers to industries that combine **culture, creativity, and technology** to generate economic value. It includes sectors such as **media, arts, design, publishing, music, performing arts, fashion, film, animation, gaming, and digital content creation**. India, with its **rich cultural heritage and rapidly expanding digital economy**, is emerging as a global powerhouse in the **creative industries**.

- According to **UNESCO**, the global creative economy contributes **3% of global GDP** and employs **48 million people**.

- In India, the creative economy contributes **over 8% of India's employment**, with sectors like **films, gaming, advertising, and digital media** witnessing rapid growth.
- Pre-Covid creative economy contributed around 2.5% of India's GDP. India's creative economy is now a \$30 billion industry.
- It is expected to account for about 10% of global GDP by 2030.

Key Sectors of India's Creative Economy

- **Film and Entertainment Industry:** India is **the world's largest producer of films**, producing **over 2000 films annually** in multiple languages.
 - Bollywood, Mollywood, and regional cinema industries are expanding globally through **Netflix, Amazon Prime, and Disney+ Hotstar**.
- **Animation, Visual Effects, Gaming & Comics (AVGC) Industry:** India's animation sector is witnessing remarkable growth, driven by increasing demand for films, visual effects (VFX), gaming animation and engaging mobile content. This surge presents exciting opportunities for skilled and enthusiastic animators.
 - According to the FICCI-EY 2024 report, India now boasts the second-largest anime fan base globally and is projected to contribute 60% to the worldwide growth in anime interest in the coming years.
 - India has become a major outsourcing hub for **Hollywood, Netflix, and global gaming companies**. Indian studios worked on Avengers: Endgame, The Jungle Book, and The Lion King (VFX). Indian gaming startups like **Nazara Technologies and JetSynthesis, Winzo, Dream11** are leading in mobile gaming.
- **Music and Performing Arts:** The Indian music industry was valued at around 24 billion Indian rupees at the end of 2023 and was estimated to reach 37 billion rupees by the end of 2026.
- **Fashion and Textile Industry:** The textiles and apparel industry contributes 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The Indian fashion market is expected to grow at a compound annual growth rate (CAGR) of 11-12% to reach \$115-125 billion by 2025.
- **Digital Content Creation and Influencer Economy:** India's internet user base is poised to **exceed 900 million by 2025**, driven by increased usage of Indic languages in digital content, according to a report by the Internet and Mobile Association of India (IAMAI).
 - India is the largest market for YouTube globally, with the largest YouTube user population of 476 million active users.
- **Publishing and Literature:** The publishing industry of India was valued at over 500 billion Indian rupees in the year 2019. The continued growth of this sector with an estimated market size of about 781 billion Indian rupees. India is the **6th largest book publishing industry globally**.
- **Handicrafts and Cultural Heritage:** The handicrafts market in India achieved a size of US\$ 4,277.5 million in 2023 and is projected to reach US\$ 7,817.8 million by 2032.
 - **Pashmina (Kashmir), Madhubani painting (Bihar), Kanjivaram sarees (Tamil Nadu)** are globally recognized. **Geographical Indication (GI) tags** help promote indigenous crafts. Gifts to global leaders during diplomatic visits are promoted to promote handicrafts.

PROSPECTS OF THE INDIAN CREATIVE ECONOMY:

- **Rapid Market Expansion:** Media & Entertainment ecosystem is a **sunrise sector** expected to generate Rs 4 lakh crores annually by 2025 and reach **\$100 billion or Rs 7.5 lakh crore industry by 2030**. Government of India has designated audio-visual services as one of the 12 Champion Service Sectors and announced key policy measures aimed at nurturing sustained growth. **India's Animation** and VFX sector is **projected** to grow from US\$ 1.3 **billion** in 2023 to US\$ 2.2 **billion** by 2026,
- **Rising Demand for Digital Content & OTT Platforms:** India has **over 900 million internet users**, making it one of the world's largest digital markets. The OTT sector (Netflix, Amazon Prime, Disney+ Hotstar) is expected to grow at **20% CAGR**, surpassing **TV and traditional cinema**.
- **Expansion of Animation, VFX, Gaming & Comics (AVGC) Industry:** At present, India contributes about \$2.5-3 billion out of the estimated \$260-275 billion global AVGC market. It employs about 2.6 lakh professionals; expected to create over 23 lakh jobs by 2032. **It has the potential to become a \$26 billion industry (5% of the global market) by 2030**.
- **Cultural Exports & Global Influence:** **Indian cinema, fashion, music, and art** are gaining popularity worldwide, part of India's soft power as seen in influence of Bollywood and icons like Shah Rukh Khan, Zakir Hussain, Pandit Ravi Shankar.
- **Growth of Influencer Economy & Digital Content Creation:** India has **over 80 million digital content creators**, including YouTubers, bloggers, and Instagram influencers. These creators also promote industrial products and boost economy by social influence and brand endorsing to a wider audience.
- **Spill over effect on Economy:** The creative industries generate important spillovers to various sectors of the economy, including innovation, tourism, education, and urban development. Creative industries serve as a platform to showcase India's rich and diverse culture, history, and traditions, both domestically and internationally. The creative industries attract tourists and visitors who engage in cultural experiences, spending on cultural goods and services, accommodations, transportation, and other related activities.

KEY GROWTH DRIVERS OF THE INDIAN CREATIVE ECONOMY:

- **Digital Transformation & Internet Penetration:** India will have 1 billion smartphone users by 2026 with rural areas driving the sale of internet-enabled phones, a Deloitte study said. **5G adoption, cloud gaming, and AI-based content creation** will further accelerate digital content consumption.
- **Government Policies & Initiatives:** **National AVGC Task Force (2022)**, National Centre for Excellence promoting AVGC, to develop India as a global AVGC hub. **Startup India & Atmanirbhar Bharat, All India Initiative on Creative Economy** initiatives support creative entrepreneurs. **PLI Scheme for AVGC Startups** to promote indigenous game development.
 - Karnataka, Telangana and Kerala are setting up **AVGC Centres of Excellence**.
- **Expanding Global Markets & Export Potential:** India's **creative exports** (films, gaming, animation, design) are gaining popularity in North America, Europe, and Asia. India's share in the global animation & gaming market is growing due to outsourcing from Hollywood & international studios.

- **Growth in AR/VR, AI, and Metaverse:** Augmented Reality (AR) and Virtual Reality (VR) are shaping the next phase of creative content. Indian gaming startups are investing in metaverse-based gaming and virtual production.
- **Rise of Independent Artists & Content Creators:** Digital platforms (YouTube, Instagram, Spotify, SoundCloud) allow Indian artists to monetize content globally. **Crowdfunding and NFTs** enable artists to sell digital artworks and music directly.
- **Skill Development & Education in Creative Fields:** Growing demand for AVGC, filmmaking, gaming, and digital marketing courses. Institutes like FTII, NID, IITs, and private animation schools are expanding creative economy programs.
- **Bollywood & Regional Cinema Growth:** Regional industries (Tamil, Telugu, Malayalam) are outperforming Bollywood in global markets through OTTs.
- **Sustainability & Ethical Fashion Trends:** Increasing demand for eco-friendly fashion, sustainable handicrafts, and ethical brands. Indian brands like FabIndia and Khadi India promote ethical and sustainable fashion.

CHALLENGES OF INDIA'S CREATIVE ECONOMY:

- **Intellectual Property Rights (IPR) & Piracy Issues:** A new report by EY and the Internet and Mobile Association of India (IAMAI) reveals that India's entertainment industry suffers annual losses of Rs 22,400 crore due to piracy, with 51% of consumers accessing pirated content.
 - Films, music, books, and digital content are often illegally downloaded or streamed, leading to revenue loss.
- **Funding Gaps for Creative Startups:** Lack of venture capital (VC) and institutional funding for creative startups in gaming, digital media, and fashion.
 - While Nazara Technologies (gaming) and Kulfi Collective (content creation) have secured VC funding, most indie game developers and artists struggle to scale.
- **Regulatory Uncertainty in Gaming & OTT Platforms:** The online gaming industry grew 28% in 2022, but unclear laws on online betting, taxation, and content regulation create instability. OTT platforms face **inconsistent censorship norms** due to lack of a **clear regulatory framework**.
 - In 2023, the Indian government proposed **28% GST on online gaming**, affecting gaming startups.
- **Lack of Advanced Skill Development & Training:** India has a shortage of skilled professionals in animation, game design, digital art, and filmmaking. Only a few institutes (FTII, NID, IITs) offer world-class creative training, while most students lack access to high-end tools.
- **Fake News and Infodemic Challenges:** The spur in online media and independent content creators, there has been imminent threat of spread of fake news and communal ideologies threatening public order and secular fabric of the country. Another threat is **deep fakes** and use of technology in parallel markets for illegal trading.
- **Dominance of Big Tech & Digital Monopoly:** Global platforms like **YouTube, Spotify, Instagram, and Netflix** dominate **content revenue**, reducing earnings for Indian creators.
- **Market Saturation & Limited Monetization Opportunities:** Overcrowding in the **influencer, music, and gaming markets** makes it hard for newcomers to gain traction.

- **Unequal Growth Across Regional & Rural India:** Most creative hubs (Mumbai, Bengaluru, Hyderabad, Delhi) dominate the industry, while rural talent is underrepresented. Lack of **film studios, digital art schools, and gaming incubators** outside major cities.
- **Competition from Global Content & Cultural Homogenization:** Hollywood, K-Pop, and international streaming platforms dominate Indian viewership, limiting the reach of Indian-origin content.
- **Climate & Sustainability Concerns in Fashion & Film:** The fashion industry contributes 10% of global carbon emissions, and Bollywood films generate large-scale waste in set production.
 - Over **20,000 litres of water** are needed to produce **one pair of jeans**, making fast fashion unsustainable.
- **High Production Costs & Limited Access to Global Distribution:** Small filmmakers, designers, and game developers lack funding for international marketing and global expansion. Indie game developers in India face a **lack of funding and exposure on global platforms** like **Steam and PlayStation Store**.

WAY FORWARD FOR A THRIVING CREATIVE ECONOMY:

- **National Creative Economy Policy:** Develop a structured policy to promote media, gaming, film, design, and cultural exports.
- **Strengthening India's Cultural Exports:** Promote "Make in India, Create in India" for global creative dominance.
- Expand India's presence at international film festivals, art exhibitions, and gaming expos.
- **Supporting Creative Startups & Indie Artists:** Provide grants, tax benefits, and venture capital for digital creators, musicians, and game developers.
- **Expanding Infrastructure & Tech Access:** Invest in AVGC tech parks, high-speed rendering farms, and AI-based creative tools.
- **Leveraging Global Collaborations & Soft Power:** Strengthen cultural ties with UNESCO, IORA, Global Film Festivals, and Creative Summits.

SOME INITIATIVES TAKEN TO PROMOTE CREATIVE INDUSTRIES

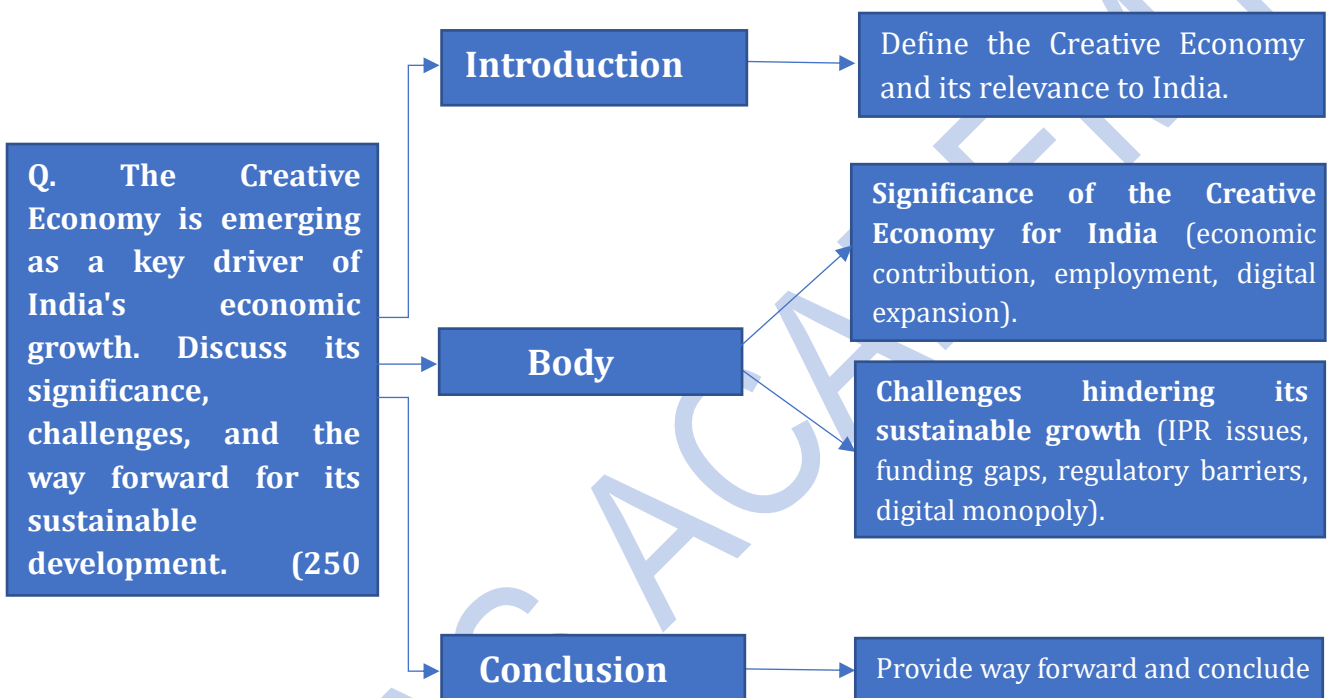
- **The National Film Development Corporation (NFDC)** is a PSE under the MoI&B that aims to plan, promote, and organize an integrated and efficient development of the Indian film industry.
- **The National Institute of Design (NID)**, an autonomous institution under the Ministry of Commerce and Industry that offers education, research, consultancy, and outreach services in various domains of design.
- **The Scheme for Promotion of Culture of Science (SPoCS)** is a scheme under the Ministry of Culture that aims to foster a culture of science, technology, and innovation among the masses, especially the youth, through various activities such as science festivals, exhibitions, competitions, workshops, and camps.
- **The Scheme for Promotion of Indian Classical Music and Dance (SPIC MACAY)** is a voluntary movement that organizes programmes of classical music and dance, folk arts, crafts, yoga, meditation, and cinema in schools, colleges, and institutions across the country.

- **The UNESCO's Creative City Network** - Mumbai has been designated as Creative City of Films and Hyderabad as a Creative City of Gastronomy. Indian cities like Chennai and Varanasi have been included in UNESCO Cities of Music while Jaipur has been included in the City of Crafts and Folk Arts.

PRACTICE QUESTION:

Q. The Creative Economy is emerging as a key driver of India's economic growth. Discuss its significance, challenges, and the way forward for its sustainable development. (250 words, 15 marks)

APPROACH:



MODEL ANSWER:

The **Creative Economy** encompasses industries such as **film, gaming, animation, music, fashion, design, and digital content creation**, blending **culture, creativity, and technology** to generate economic value. India's **rich cultural heritage and booming digital economy** position it as a **global hub for creative industries**, contributing **2.5% to GDP** and expected to reach **\$100 billion by 2030**.

SIGNIFICANCE OF INDIA'S CREATIVE ECONOMY:

1. **Economic Contribution** – The sector is valued at **\$30 billion** and employs **over 8% of India's workforce**.
2. **Employment Generation** – The **AVGC (Animation, VFX, Gaming, and Comics)** industry is projected to create **23 lakh jobs by 2032**.
3. **Global Market Expansion** – India is the **largest film producer**, and **Bollywood & regional cinema** have expanded through **OTT platforms (Netflix, Amazon Prime, Disney+ Hotstar)**.

4. **Digital Transformation** – India has **over 900 million internet users**, driving **content creation, influencer economy, and e-commerce**.
5. **Cultural Exports** – Indian fashion, music, and literature are gaining international recognition, enhancing **India's soft power diplomacy**.

CHALLENGES FACING THE CREATIVE ECONOMY:

1. **Intellectual Property Rights (IPR) & Piracy** – India's entertainment industry loses **₹22,400 crore annually due to piracy**, with **51% of consumers accessing pirated content**.
2. **Funding Gaps** – Lack of **venture capital (VC) and institutional funding** for creative startups in **gaming, media, and design**.
3. **Regulatory Uncertainty** – The **28% GST on online gaming** has affected startups, while **OTT platforms face unclear censorship laws**.
4. **Skill Shortages** – **Limited access to AVGC training institutes**; a **30% talent gap in animation and gaming**.
5. **Dominance of Big Tech** – **Global platforms like YouTube, Spotify, and Netflix** control content revenue, limiting earnings for Indian creators.
6. **Unequal Growth in Regional Sectors** – **Mumbai, Bengaluru, and Hyderabad** dominate, while rural artists and filmmakers lack support.

WAY FORWARD FOR A THRIVING CREATIVE ECONOMY:

1. **National Creative Economy Policy** – Develop a structured policy to promote **media, gaming, film, and cultural exports**.
2. **Strengthening IPR Protection** – Implement **strict anti-piracy measures, blockchain-based copyright enforcement**.
3. **Infrastructure & Skill Development** – Expand **AVGC Centres of Excellence** in **Karnataka, Telangana, and Kerala**.
4. **Boosting Regional & Rural Creative Talent** – Promote **GI-tagged crafts and digital outreach for artisans**.
5. **Global Collaborations & Soft Power Diplomacy** – Strengthen cultural ties via **UNESCO, IORA, and international film festivals**.
6. **Sustainable Creative Practices** – Encourage **eco-friendly fashion, ethical filmmaking, and AI-driven digital sustainability**.

India's **Creative Economy** has the potential to become a **global leader in digital content, gaming, and animation**. With **strong policy support, digital innovation, skill development, and infrastructure**

investments, India can transform its creative industries into a **\$100 billion powerhouse**, ensuring **economic prosperity, job creation, and cultural diplomacy**

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