INDIAN ANIMATION MARKET

The Global Scenario

Animation is regarded as a part of the creative or content industry as artistic or creative effort is essential to the process of developing animation. The segment, according to the UK Creative Industries Task Force, has the potential for job creation through the generation and exploitation of intellectual property. The US industry, the largest user of animation products and services, describes entertainment as feature films, TV programs, music, broadcasting, cable TV, games, sports, performing arts theme parks and toys.

The total global animation production figures, according to the NASSCOM Animation report, range between US$ 16-31.5 billion for the year 2000. Statistics for 2001, stand anywhere between US$ 25 billion and US$ 38 billion. Analysts estimate that the global animation production rose to about US$ 45 billion in 2002.

($ billion)	2000	2002E	2005F
Total global animation production	31.5	45.0	51.7
Demand from Entertainment Sector	22.7	32.4	37
Demand from Non Entertainment Sector	8.8	12.6	14.7
Animation Production by India	0.6	-	1.5

E-Estimate, F- Forecast
Note: Non-entertainment comprises the industrial & commercial applications of animation
Source: NASSCOM Animation report

Some of the other estimates of the NASSCOM report on animation indicate the following:

- The global entertainment market will generate a demand for animation production services of the order of US$ 37 billion by 2003 (forecasts by Pixel Inc.)
- In the non-entertainment segment the demand for animation production services will touch US$ 14.7 billion by 2005 (forecasts by industry source)—
- The global film/TV program production market will create a US $ 17.5 billion revenue opportunity for animation production houses (forecasts by Pixel Inc.)
- On the gaming side, according to an ICT industry leader, the demand for animation production services was of the order of US$ 5 billion in 2000

Indian Animation market

The Indian animation market, fairly “static” until a few years ago and activity on this front only began in earnest in the later half of the 90s when animation studios made an appearance in the country and the industry developed a more serious, export oriented outlook. India is now waking up to a host of global opportunities that promise a lot of “action” for the country’s leading design specialists.

According to NASSCOM study, the forces that are shaping the development of the animation industry in India include technical manpower to meet the 2-D and 3-D animation requirements, lower costs of animation production, the expected demand from domestic Indian television channels and the formation of domestic animation studios and training centres.

A snapshot of the Indian animation market scenario in the 90's:

- The merger of two existing and leading design studios-Ram Mohan Biographics and United Studios-made available for the first time, infrastructure and resources required for animation. Design studios began teaming up with overseas animation firms, taking the co-producing or subcontracting route, and in this way upgraded their technical skill sets
- By 1993, there were around 15 animation studies in the country, with three to four using IT tools and techniques. These studios were coming up in cities such as Mumbai, Hyderabad, Chennai and New Delhi.
- Leading animation studios included the Silvertoon Studio and Crest Communications, both of which took on subcontracted work from US, French and British studios.
- Training in animation became more rampant, with organizations such as the Film and Television Institute in Pune offering three-year diploma programs in animation
- India attempted to enter the global animation market in 1997 with the setting up of Heart Animation Academy, a specialized animation school established in Hyderabad.
- Yet another animation training institute the Zee Institute of Creative Arts (ZICA) in Hyderabad began offering production services using over 100 alumni.

The animation market in India today is characterized by the presence of multiple players including Crest Communications, Films Division Maya Entertainment, Silvertoon Studio, 2NZ Studio, Cine Magin, Climb Films, UTV Toons, Zee Institute of Creative Arts (ZICA), Digital Studio, Pentamedia Graphics, Prasad Studios, Acropetal, jadooWorks, Color Chips, Heart Animation, Ocean Park, Padmalaya Telefilms, and Toonz Animation, Magic Shop, Moving Pictures, among others. These companies are spread across cities such as Mumbai, Chennai, Bangalore, Hyderabad and Thiruvananthapuram.

India's animation studios are catering to the requirements of various end user segments such as feature films, TV programs, advertisements/commercials and computer games. Animation solutions are also finding a place in niches such as film titling, special effects, Web entertainment programs, TV broadcast graphics, 3D modeling and background development. In each of these areas the extent or scope of services for an animation production company include offering services in animation production services, co-production and content creation.

Segments such as online education, CAD/CAE, and industry specific applications such as architecture, medical, legal/insurance, etc. are also potential platforms for animation, though Indian studios are not focused on these markets. Skill sets in 2D and 3D animation are leading to opportunities in segments such as TV programs and feature films.

India has several training institutes that cater to the demand of training animation professionals. Chief among them are the National Institute of Design (Ahmedabad), J.J. School of Arts, Zee Institute of Creative Arts (ZICA), Mumbai, Industrial Design Center (IIT Mumbai), IIT Guwahati, C-DAC's National Multimedia Resource Center

(Pune). Private training institutes include Arena Animation Academy (Mumbai) and Pentamedia Graphics (Chennai).

India: The Animation Hub?

A recent study on the animation industry by NASSCOM shows that the global animation production market is set for major growth. The study, which is based on multiple statistical projections on the market, from segments such as industry sources, Pixel Inc. and Arthur Andersen (Study on the Entertainment and Media sector) forecasts that the global animation market will generate revenues worth US$ 50-70 billion by 2005***.*** Total animation production by Indian producers meanwhile is expected to touch US$1.5 billion by 2005 (Arthur Andersen's study on the Entertainment and Media sector).

India is gradually positioning itself as a significant provider of animation production services. The country's strengths and edge in the market include the following:

- *A vast base of English speaking manpower:* animation, which requires a familiarity with the English language, benefits when the work is outsourced to India. Besides, a number of initiatives are underway in the country targeted at creating skill manpower for the animation market
- *Presence of animation studios:* a number of Indian cities already boast hi-tech animation studios (equipped with state-of-the-art hardware and software) which are successfully completing projects from overseas companies. There are atleast 12 animation studios in India that are global class with the relevant hardware software and communications infrastructure, experience, skill sets and consumer profile
- *Low cost of animation services:* India's edge in terms of pricing is stated to be unmatched. Compared to countries like US and Canada or even Korea, and the Philippines, the Indian animation costs are the lowest. NASSCOM's study shows that while the rates for production of half hour TV animation programme would be around US$ 250,000-400,000, in the US and Canada, it is in the region of US$ 60,000 in India
- *India's large entertainment sector:* Owing to a prolific entertainment segment, India has a ready supply of content developers
- *Heritage of traditional literature:* Indian content developers also have exposure and access to rich heritage of traditional literature. This would offer the potential for content-based partnerships.
- *Studios that are well equipped:* The larger film production studios in India are equipped with state-of-the-art computer hardware and software platforms

The main end use segments of animation, which constitute opportunity areas for animation producers in India are feature film production, TV programmes, Advertising/commercials and Games.

The Indian domestic market too is throwing up revenue generation prospects for ICT solutions providers specializing in this market. The requirement by the burgeoning Indian television segment for animation and special effects related work is also giving a fillip to this segment. Recognizing this potential, a number of Indian software players are turning their attention to animation. Animation studios now dot the country and the industry is also witnessing the arrival of training houses that are dedicated to building skilled manpower for this market.

By all account, the animation production industry in India has the potential to grow into a major export engine for the country. Indian design studios are gradually establishing their credentials in overseas geographies, gaining valuable experience and building their skill sets in this high potential global market. With some incentives provided to this segment, India can not only catch up with competitors such as the Philippines, Korea and Taiwan, it can easily exceed their potential.

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