



Report- CII SummitFX-2021

The Indian Media & Entertainment (M&E) industry is rapidly transforming itself as a key driver of economic growth both globally and internationally. It is currently on track to be the fastest growing M&E industry globally and is expected to cross the 4 trillion INR mark by 2025. The industry's contribution to the nation's GDP is fundamental to India becoming a USD 5 trillion economy in the coming years and is home to some of the most creative minds while continuing to be a significant contributor to Indian employment.

With growing broadband subscription, and smartphone user base, the digital infrastructure that is currently in place will act as the backbone to the industry's growth. The advent of the pandemic has accelerated digital adoption across the country, with consumption levels reaching new highs. This is an opportune moment that needs to be leveraged to ensure we revamp the industry and help create a vibrant and cohesive environment that will help the industry thrive for years to come.

The Indian Audio, Visual Effects, Gaming and Comics (AVGC) segment has been fundamental to our nation's M&E growth story. AVGC remains one of the segments of the industry with the highest potential to grow, with the total global market size of AVGC sector is close to \$260 Billion, whereas our share is under 1% which comes to

\$2.1 Billion. Our aim is to capture 5% global share with an annualised growth rate of 25-30%

Since the advent of the pandemic, the AVGC segment has continued to remain resilient in times of uncertainty. This industry grew in India as a B2B industry, and revenue came from global services. The last couple of years saw a major B2C agenda and consumers have embraced entertainment, and revenues have grown to be exponentially higher. Technology has continued to progress and evolve, and the way forward is extremely optimistic. India has the necessary demand, and the talent pool to be one of the global leaders within this segment.

Although COVID has slowed down postproduction and VFX, the Indian talent pool already has established themselves in the global market with multiple Oscar winning films having their special effects being outsourced to Indian studios. As the film industry slowly revives, the Indian segment will continue to thrive and become fundamental to the production of movies across the globe.

The growing significance of E-gaming and increase in consumption of OTT content, due to the improvement in the nations digital infrastructure have also played key roles in the segment's growth. Building the necessary infrastructure, while addressing the challenges these segments currently face is critical for the industry to grow.

Against this backdrop, the animation, visual effects and gaming sector witnessed the start of the second edition of CII AVGC summit, called CII SummitFX 2021 which has transformed into a league of its own in a short span of time. The six-day virtual extravaganza which began on the 24th August, was organised in partnership with the Union Ministry of Information and Broadcasting, State Government of Karnataka and Software Technology Parks of India, in addition to a host of other high level partners.

With AVGC fast becoming the star of the media & entertainment sector, backed by technology, digital innovations and high-speed internet connectivity, the industry is galloping towards a maturity which now warrants a separate national-level policy. CII SummitFX 2021 saw a policy dialogue on this subject as well as other regulatory issues which need ironing out for smooth expansion of the industry.

The purpose of the summit is to highlight the growing power, share and influence of the AVGC sector within the overall media and entertainment space. The AVGC services sector has revenue potential of Rs 1.12 billion (US\$ 15 million), and exports

account for over 70% of this sector. The sector for animation VFX and games can double the growth rate and transform it to an INR 1 trillion (US\$ 13.45 billion) sector by 2025 creating over 2.5 million additional jobs. With the Ministry of Commerce having made AVGC one of the champion sectors for exports, its voice holds important place in policy conversation.

With technology and virtual reality intruding onto physical and a confluence of virtual and real leading to different kinds of policy and regulatory issues and perplexities, CII's media and entertainment vertical is working with the government on crafting a National AVGC Policy which is visionary, which smoothens out inter-ministerial regulatory issues and which looks at the bigger picture for 10X growth of industry.

The AVGC industry will soon comprise of 50% of the M&E industry and employ more than 50% of the workforce. However, to achieve this it will require state associations and state governments to cohesively work towards creating statewide policies to help develop the sector.

There, however, continues to exist a skill gap in the AVGC environment. For India to reap the benefits and growth of this sector, it is imperative that the appropriate focus to bridge this gap be provided. In the next 10 years, the AVGC sector will require 24,000 professionals with a graduate degree or above and there will only be around 16,000 students graduating from recognized degree awarding institutes. The addressal of this gap that continues to exist, is fundamental towards the development of the sector.

The role that E-Sports will play in the coming decade will define how the Indian gaming segment grows. India is currently on the right trajectory to ensure we capture a large section of the market. As a result of low-cost smartphones, and data, there has been seen a rise in the number of mobile gamers in the country. This needs to be leveraged to create a vibrant segment within the AVGC industry. E-sports is a unique confluence of technology, sportsmanship, community. India is well poised in this area, and there is a massive opportunity to see how India can put itself in a global position. The fundamental criteria lies in the ability to understand the audience to unlock the sector.

CII SummitFX also sessions on the creation of "The One and Only Ivan", a Hollywood movie which was released on OTT platforms in 2020 and was nominated for Academy

Awards for Best Visual Effects last year, along with “Love and Monsters” which has received a VFX Oscar nomination.

There are four key points that the industry would like to illustrate:

- The main agenda remains on education and skill, the importance of developing these skill sets is paramount
 - A national AVGC skills council needs to be created in order to achieve this target
- Industry should participate in at least two events in animation, digital vfx and e-sports across the world
- This industry has a robust ability to attract international investments, however a stable investment climate is required.

The six-day virtual summit saw over **40+ Knowledge Sessions** and over **100 speakers** deliberating on a wide range of issues that cut across the spectrum looking to develop a cohesive industry engagement with core cross-sectoral policy dialogues and strategic exchanges.

CII SummitFX 2021 saw experts from the **UK, the USA**, Japan and key states like **Telangana, Karnataka, Odisha, Madhya Pradesh, West Bengal and Jammu and Kashmir** coming together to discuss the AVGC segment, and its transformation of India into a global leader. This platform will seek to curate and create an environment conducive to helping build a better future and achieve the targets of the segment