

The Animation industry in India – Poised for a breakthrough

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ABSTRACT

This study explores the various factors, growth drivers and key components that have driven the animation industry in the last decade. The paper looks not only at push factors, but also possible hindrances to the expansion of this rapidly emerging industry and seeks to examine whether the present atmosphere of meteoric growth is due to a chance agglomeration of various factors or whether the industry actually contains within itself the ingredients of sustained growth and employability. The method employed for this paper was an extensive review of literature and in-depth interviews with some animation students on the University campus.

KEYWORDS: Animation, Growth, TV Channels, Gaming, Production Houses

INTRODUCTION

To the common man, the word animation immediately brings to the mind images of Mickey Mouse, Tom and Jerry or Donald Duck. But today, animation has moved out of the two dimensional world of cartoon characters to real world three dimensional (3D) simulation and more. It has become a complex word that encompasses not just character animation, but motion graphics (graphics for broadcast) as well as visual effects, commonly termed as VFX, multimedia, and many other spheres, all of which mesh together to create a rich audio visual experience

The word 'animation' is derived from the Latin word 'anima' meaning soul. Animation is a blend of technology and entertainment. It involves designing, drawing, and producing graphically rich and attractive multimedia clips. Although the term animation is used loosely to describe the process of lending movement to any inanimate object, animation can be broadly classified into the following categories:

- (i) Stop Motion Animation
- (ii) Traditional frame-by-frame or 'Cel' animation
- (iii) Computer generated digital animation
- (iv) Anime (Japanese style of animation)

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Perhaps the earliest record of animation as understood today and that employed the Phi phenomena or “persistence of vision” to see a series of rapidly moving image as essentially one image was the ‘Thaumatrope’, a simple toy used in the Victorian era. This was quickly followed by the Phenakistoscope (1831) and the Zoetrope (1834). Thereafter the animation industry quickly progressed to using hand drawn images to create cartoon style animation, the most well known example of this being ‘Steamboat Willie’ where the king of classical animation, Walt Disney introduced his immoral character Mickey Mouse. Another well known classic was ‘The adventures of Prince Achmed’, the oldest surviving animated feature film. It is beyond the scope of this article to go into the history of this fascinating craft. But we will look at some major animation landmarks and where the industry finds itself today. Animation has come a long way from the huge teams and complex multilane mechanical cameras, associated with the Disney style of production.

Globally, the Animation industry is witnessing an unprecedented growth. Rapidly advancing technology coupled with increased bilateral flows of technical skilled service industry to developed countries and their increasing adoption of outsourcing strategies of major animation projects to countries with cheap, yet skilled labor, has given a marked impetus to the hitherto sluggish industry. The total value of Asian animation industry was US\$ 52 billion in 2017. Most of the segments in the Asian animation industry are growing at the rate of 2-3 per cent. In Asia, there is a sharp increase in streaming video consumption. The size of streaming market for animation content was US\$ 2.4 Billion in 2017 and is growing at an annual rate of 8 per cent. In the animation services market, projects for television continue to remain at the top. Animation services for digital advertising are expected to register a remarkably high CAGR of more than 24 per cent.

Global entertainment majors like Walt Disney, IMAX, Warner Brothers and Sony have tie-ups with major Indian animation companies. And the global non-entertainment animation industry, including work in scientific and medical animation, now accounts for revenues worth \$15 billion. In India, animation once thought of being within the purview of a few tech savvy ‘geeks’, is attracting millions of our youth to regular colleges and Universities offering this course either full time or as an option. There are a plethora of institutes in India that are offering courses not just in animation, but related subjects such as Motion graphics and video post-production.

HISTORICAL OVERVIEW

Although the first shaky attempts at drawing and sketching dates back to the times of the cavemen, perhaps the early beginnings of animation can be attributed to the ancient Greeks who decorated their pots with figures of characters in motion. If the pot or vessel was spun around rapidly enough, the illusion of a character in motion was created. The discovery of the phenomenon of “persistence of vision” by Peter Paul Roget in 1824, actually set the stage for early clumsy, yet definite steps towards manipulating images to create the illusion of motion. Many children and students without consciously realizing it have played with the Thaumatrope, a cardboard disc mounted on a top with two strings attached on either side of the disc. The disc has two images drawn or painted on either side, a typical example being a bird on one side and a cage on the other. If the disc is spun around rapidly enough, the eye tends to merge the two discrete images into one unbroken image and it appears that the bird is actually inside the cage. This simple device led to the development of the “Phenakistoscope” utilizing the same principle of persistence of vision, only this time the series of drawings sketched around the perimeter of one disc was viewed through corresponding slits on another disc in front. Many experiments were conducted in Europe and in the US at the turn of the century, but it was a genius by the name of Windsor Mc Kay, who really gave a new meaning and significance to the word animation. Mc Kay’s brilliant “Little Nemo in Slumberland” heralded the evolution of animation to an art form. His cartoons of “Gertie the dinosaur” and the cinematic tricks of a dinosaur eating up a real man on the stage (achieved through back projection) are now legendary. Vying for almost the same level of popularity that “Gertie” enjoyed was “Felix” the cat, an immensely popular series in the twenties. The creator of “Felix” is somewhat of a controversy with the majority of the public holding the view that it was entrepreneur Pat Sullivan who created the character. Others assert that it was American animator Otto Messmer, who gave birth to this now legendary feline heroine. The fact remains that ‘Felix the Cat’ paved the way for one of the greatest and most most popular cartoon characters to emerge; ‘Mickey Mouse’ created by the legendary animation giant – Walt Disney. In 1928 ‘Mickey Mouse’ held audiences spellbound in the B&W animated short “Steamboat Willie”, the first ever animated cartoon

with synchronized sound. The presence of sound, especially synchronous sound, took animation to completely different level. Since animation, being sketches, inherently possessed the element of non-realism, the addition of sound, especially sound that matched with the character's voice or footsteps, gave a new dimension and boost to the struggling animation industry. In fact, Walt Disney was so overwhelmed with the possibilities of sound, that he embarked on a mammoth project "Snowwhite and the Seven Dwarfs" the world's first animated feature length film that ran to packed cinema houses for an incredible eighty-three minutes. Since film until very recently ran at the frame rate of 22-24 frames per second, a minute of animation meant almost 1300 drawings. Multiply this figure by eighty-three and you will realize the tremendous time and effort that had to be spent in the production of a feature length film. Films in those days, did not have the advantage of digital manipulation and duplication, or feature rich software. Moreover, animation being a relatively new form of cinema did not attract many financiers and the only way to enlist or recruit artists was through coercion, humble appeals or dangling the "visibility" carrot viz. that their films would be viewed by a very large audience.

The scenario today is very different with animation having become a million dollar industry as we will look at in the next section.

THE ANIMATION INDUSTRY TODAY

As of now, the animation industry is a far cry from the awkward stumbling animation that was experimented with at the turn of the century. Today, the animation market is not only growing exponentially, but is also a huge source of employment and revenue generation for many of the youth not just in our country, but world wide as well. The plethora of animation, institutes and colleges, both in the private and the government sector that have mushroomed in and around our city, are witness to this booming industry. One that seems to attract numerous students who hitherto, either in school or at home, never expressed any artistic ability or inclinations towards a career in the Arts. According to the Deloitte report, 'Animation. Broadcasting. Gaming. On the Cusp of Growth', the Global Animation and Gaming industry, growing at 12% p.a. (2005-2009) is a USD 115 Billion industry (CY 2009). The industry is estimated to continue its growth rate at 10% p.a. to reach USD 170 Billion by CY2013. Globally, this industry is experiencing unprecedented growth, especially in the developing countries.

The Animation Council of Philippines estimates that the revenues from animation industry worldwide have been growing annually at 20% to 30% over the past few years. According to India's National Association of Software and Services Companies (NASSCOM), revenues from the global animation industry will amount to US\$50-US\$70 billion by the end of year 2005. Today, animation products find increasing usage in films, TV programmes, commercials, games and online education.

But can we expect this growth rate to either maintain present levels or to increase exponentially? And if the industry is not able to progress at it's expected growth rate, what would happen to all the potential employees who are being groomed to be absorbed in this industry?

REVIEW OF LITERATURE

MEDIA FOR THE MASSES: THE PROMISE UNFOLDS. A REPORT BY KPMG INDIA - FICCI

This report, published in March 2017, looks at current trends in all the media sectors viz Digital Consumption, Television, Radio, Print, Films, Animation VFX and post-production, Sports and Theme Parks, and many other related media topics. More than examining the rise and fall of any specific sector, its wide ranging sweep covers emerging trends and patterns in all the various media industries, and constantly draws the readers attention to the incessant surge of technology towards digital convergence. The report clearly delineates the growth in industry size from 31.0 billion (INR) to 59.5 in 2016 (See Figure 1). It further goes on to mention that the animation and VFX industry demonstrated a phenomenal growth rate of 16.4 percent, piggybacking on the resounding success of the

VFX industry; a spin off no doubt, resulting from the emergence of the Bollywood film industry posing an unmitigated threat to the dominance of Hollywood in the esoteric area of visual effects. The clear growth in this sector is obviously fueled by the tremendous revenues generated in digital advertising which grew from INR 15.4 billion in 2011 to 76.9 in 2016 (See Figure 2).

ANIMATION INDUSTRY IN INDIA: STRATEGIES, TRENDS & OPPORTUNITIES

At present most of the studies are quantitative in nature and are more focused on growth patterns and trends in the US, or of other developed economies. There is not much literature on Asia, specifically in India. The above mentioned report published in May 2013 by Digital Vector is a comprehensive report on the industry not just in India but in the whole of Asia and looks in detail at popular business models, trends of animation production in Asia and also *looks* specifically at Animation and gaming salaries in India. The report reviews “Chota Bheem” as a successful case study of local production.

THE ANIMATION AND GAMING INDUSTRY IN INDIA: A REPORT BY ERNST & YOUNG

This report provides a detailed overview of the Indian animation and gaming industry. It provides insights into industry trends, what are the growth drivers, issues and challenges the industry is facing today. According to the report, the Indian animation industry is estimated to grow at a CAGR of 22 per cent and gaming industry is estimated to grow at a CAGR of 49 per cent by 2012. This document showcases the growth of the animation industry since 2007 up to year 2012. Primarily centered around India, the report also highlights growth opportunities in Asia in general and the factors accelerating this boom in recent years.

ANIMATION. BROADCASTING. GAMING. ON THE CUSP OF GROWTH – A REPORT BY DELOITTE, INDIA

This report looks specifically at the Animation and Gaming Industry in India. It begins with an overview of the Global scenario and then narrows down its focus to India, concentrating primarily on two sectors – Animation in the Broadcast Industry - and Gaming. Sources used for empirical data is mostly from NASSCOM Industry reports, 2006 and 2009. The report, although brief (only 36 pages long) looks at market segmentation and collaborations with foreign MNCs. The report showcases a buoyant market and predicts that according to NASSCOM Industry report 2009, manpower requirements for India are expected to grow from 17,500 in 2009 to 29,500 by 2012. It is one of the few existing reports that extensively evaluates the VFX industry in India, examines challenges with circumspect detail, and looks at Custom Content Development Value Chain. The report cites China as the fastest growing market for gaming with India coming a close second.

INDIA’S NEXT ECONOMIC WAVE: ANIMATION AND INTERACTIVE MEDIA INDUSTRY

JAYAN JOSE THOMAS AND INDU RAYADURGAM

This research paper examines growth patterns and drivers from the Indian perspective. It uses as its research base, reports from Ernst and Young and from NASSCOM. The paper looks specifically at outsourcing, the countries that engage in this practice and the reasons why these countries prefer to depend on external rather than internal talent. The paper also presents many tables and charts pertaining to Animation production in India vis-à-vis the rest of the world. Indian firms in the animation industry are reviewed and also the advantages that India might have over other countries in being a prime supplier of animation services are also discussed and dealt with.

Growth Drivers

Perhaps the single biggest cause for the recent spurt in this sector is the demand from the film Industry. Be it Bollywood, Tollywood, Kollywood or the other “woods”, the film industry is constantly on the lookout for production houses that can deliver the highest possible quality, within impossible deadlines. This industry has become so specialized that an area like 3D animation (which is itself highly specialized) is further fragmented into task specific activities. Hence if one 3D artiste creates the model, another lights it, another textures and renders it etc. This is commonly known in the industry as ‘Production Workflow’. Stringent deadlines and constantly evolving software ensures that mostly the youth, with little or no commitment to anything other than the task at hand, survive in the employment market. Increasing digitization and “tech savviness” amongst the youth are pushing most of the employable market in their direction. The technology of film making in India is among the best in developing countries. Indian film industry provides employment to nearly 6 million people. The industry is witnessing considerable advancements in areas like technology, marketing, exhibition with rampant digitalization across the value chain, resulting in enhanced reach and access to high quality content.

S. Madhusudan, Sr. VP and Head, Media and Entertainment, Manipal Education feels that "Cities like Mumbai, Chennai, Bengaluru, Kolkota, Hyderabad and Thiruvananthapuram have emerged as major animation hubs. Job opportunities are on the rise as animation has become a popular feature in movies and advertising".

With regard to specific areas of growth, it appears the animation industry, especially in India, is focusing more on animated shorts, rather than full length movies, which are anyway a time consuming and expensive process. In 2016, Ishan Shukla's “Schirkoa” became the first Indian animated short film that qualified for Oscars. It also premiered at the LA Short Film Festival, bagging the ‘Best Animated Short’ award. According to a report by Deloitte, the Indian Animation industry was worth US\$ 511 million in 2010 and is expected to grow at CAGR of 23% to reach US\$ 961 million by 2013. (see Figure 3). Concurrent to the growth in the television industry, one of the major consumers of animated content, growth in channels dedicated to children viewership has given a further impetus to our local industry. In 2010, two kids channels were launched, and since then the number of these animation channels are increasing (see Figure 4).

UTV Toonz, the animation division of UTV software communications struck a \$10 million deal with New York based BKN New Media Inc. As a result of this deal, BKN will be outsourcing a major chunk of its voluminous production output to UTV Toonz.

As encouraging as all these developments appear to be, like all business ventures, the animation industry also has come under the gloomy gaze of pessimistic predictions. Along with buoyant market shares and optimal productions, it has had its share of snags and challenges.

Perhaps the overriding recurrent challenge is the continuing lack of finance. A substantial chunk of industry turnover is depending on foreign funding and outsourced projects. Venture capital from local bodies and corporation houses is sadly lacking. Many business houses and government organizations lack aesthetic appreciation of professionally produced and delivered graphics, visual effects and animation, and the fee and payment structure to professional production houses or free lancers is a dismal shadow of its western counterpart. This has led to a great deal of discouragement to new recruits and those still studying and training in Animation institutes throughout our country. One well known established production house “Jadooworks”, based in Bangalore, had to stop production of an animation epic “Krishna” a dream project envisioned by the company for many years, on account of lack of finances. The Deloitte report on animation and gaming states that in the Indian animation industry, VFX is a highly fragmented industry with only the top 5 players contributing to 20% of the overall market. Piracy is another huge deterrent to the industry. The report goes on to add “Weak IP Regulation and ineffective enforcement discourage animation players in India to produce their own IP”. Moreover, it also discourages international players, who are generally very protective of their IPs, to outsource to India”.

Another drawback is that at present there is no standardized curriculum, no set syllabi or benchmark for animation education and training in India. Our country urgently needs a governing body or system of accreditation, which can lay down guidelines, and norms, which can be universally applied through the length and breadth of the country.

CONCLUSION

There is still a considerable dichotomy between technological progress and level of professionalism in the west and that in India. Landmark films like ‘Bahubhali’ in recent years, have conclusively proved that India can, if it so desires, match “blow for blow”, “effect for effect” of their western rivals. At present only Hollywood appears to rule the roost for VFX benchmarking and post-production wizardry. Although China appears to be rapidly closing the gap, European countries and many Asian countries have a long way to go before they pose a serious threat to our Indian animators. 2D and 3D artists who have made major contributions to award winning films like “Ratatouille” and “Enchanted”, have effectively silenced the deprecating cry of uninformed critics that we are lagging behind the developed countries in creativity or technological excellence, as far as production values are concerned. How far India forges ahead in the race for super realistic animation, futuristic virtual reality simulations, aggressive gaming or scintillating particle explosions and pyrotechnics, can only be roughly predicted. Only time will expose true realities.

FIGURES AND TABLES

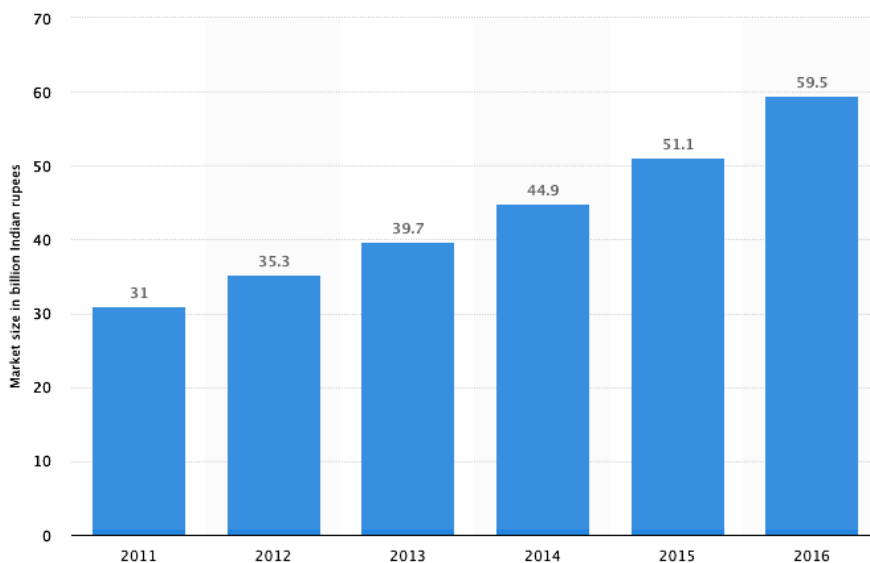


Figure 1. Growth in media market size from 2011-2016 (Source: KPMG report 2016-2017)

The Indian M&E industry: Size

Overall industry size (INR billion) (For calendar years)	2011	2012	2013	2014	2015	2016	Growth in 2016 over 2015
TV	329.0	370.1	417.2	474.9	542.2	588.3	8.5%
Print	208.8	224.1	243.2	263.4	283.4	303.3	7.0%
Films	92.9	112.4	125.3	126.4	138.2	142.3	3.0%
Digital advertising	15.4	21.7	30.1	43.5	60.1	76.9	28.0%
Animation and VFX	31.0	35.3	39.7	44.9	51.1	59.5	16.4%
Gaming	13.0	15.3	19.2	23.5	26.5	30.8	16.2%
OOH	17.8	18.2	19.3	22.0	24.4	26.1	7.0%
Radio	11.5	12.7	14.6	17.2	19.8	22.7	14.6%
Music	9.0	10.6	9.6	9.8	10.8	12.2	13.0%
Total	728.4	821.0	918.1	1025.5	1156.5	1262.1	9.1%

Source: KPMG in India's analysis and estimates, 2016-17

Figure 2. Overall media industry size in INR billion (Source: KPMG report 2016-2017)

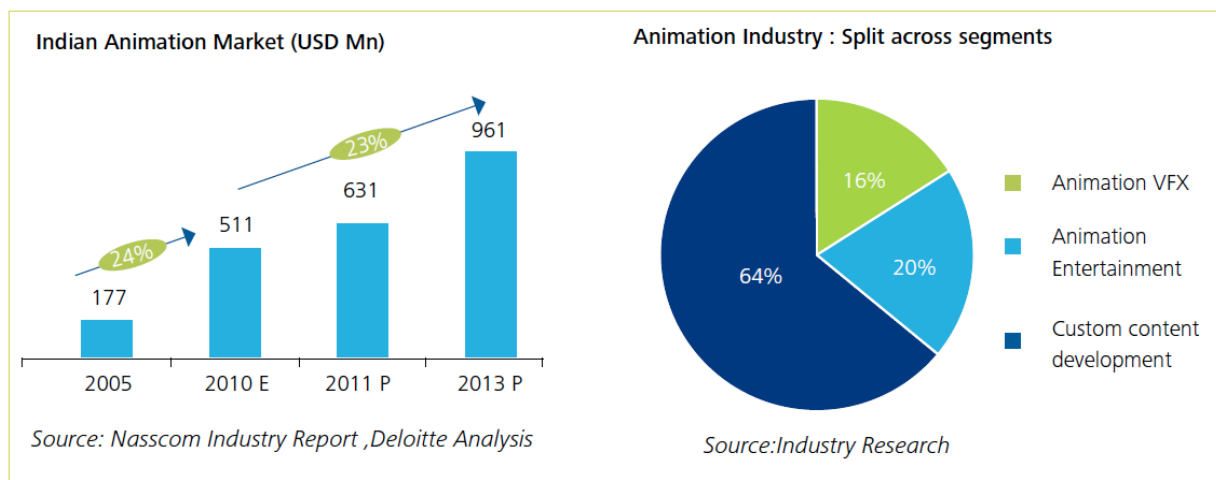


Figure 3. Growth of animation market in India from 2005-2013 (NASSCOM Industry Report)

Year	No. of TV Channels Launched	Name of channels
1995	1	Cartoon Network
1999	1	Nick
2004	5	Hungama, Pogo, Toon Disney (Jetix), Disney Channel, Animax
2007	1	Chutti TV
2009	3	Spacetoon, Khushi TV, Chintu TV
2010	3	Chitram TV, Baby TV ¹⁶ , Discovery kids ¹⁷ (expected)

Figure 4. Growth of TV channels dedicated to animation and kids (Media & Entertainment: Digital Road Ahead, pg. 35)

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