

# Animation Magazine

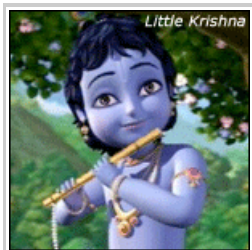
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## NASSCOM Releases 2009 Figures for Indian Animation Industry

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India's National Association of Software and Services Companies (NASSCOM) has released its animation and gaming report for 2008-2009. The report provides a detailed insight on the growth drivers, business models, issues and challenges for the country's industry in the next few years. It also provides recommendations to the government, charts the road ahead and suggests targeted actions that key stakeholders need to undertake for the industry to achieve its true potential.

Following are some excerpts from the report, via Animation Xpress.

"The animation industry in India can be divided into the following key segments: Animation entertainment, animation education, custom content development and multimedia/web design and vfx. The entire animation industry in India was estimated at USD 314 million in 2006, USD 494 million in 2008 and is expected to grow at CAGR of 22 percent to reach USD 1 billion by 2012. In absolute terms, custom content development and multimedia/web design is the largest segment today, followed by animation entertainment, animation education and VFX, respectively and is expected to remain so in 2012.

"The gaming industry can be divided into the following key segments: Online Games (MMORPG and Casual Games), Mobile Games, PC Games and Console Games (Regular and Handheld Devices). The Indian gaming industry was estimated at USD 50 million in 2006, USD 167 million in 2008 and is forecasted to grow at CAGR of 49 percent to reach 830 million by 2012. The overall size of the Indian gaming industry represents revenues from the consumer market, services market and revenues from non development activities such as services rendered as technical support to international gaming companies. The consumer gaming market was estimated at USD 105 million in 2008 and is expected to grow at a CAGR of 55 percent to reach USD 610 million by 2012. The services market for gaming was estimated at USD 61 million in 2008 and is expected to grow at a CAGR of 38 percent to reach USD 220 million by 2012. In 2008, the console gaming segment is estimated to account for the largest share of the Indian gaming market, followed by mobile gaming, online gaming and PC gaming respectively. In 2012, it is expected to remain the same.

"The production budget of an animation movie made in India has increased from USD 1.7 million – USD 2.2 million to USD 4.5 million- USD 6.7 million over the last few years. Moreover, the production budget of international movies outsourced to India has increased from USD 8.8 million to USD 11.1 million. Consequently, realization for domestic work has gone up from USD 1,300 to USD 2,667 per seat per shift per month. The realization for international outsourcing is in the range of USD 2,200 to USD 3,100. This increase in realization is the result of animation companies providing higher-end services such as long form and 3D animation films.

"Cost Advantage is the most important and attractive value proposition for India as an animation and gaming content development destination. India's low cost-high quality advantage offers a 60-80 percent cost saving for the international studios outsourcing/off shoring to studios in India. This has become an even more attractive proposition for India due to overall skill enhancement of the companies enabling them to cater to the whole value chain rather than service labor intensive low end jobs.

According to the report, the production cost for a full-length feature in India is \$13 million to \$22 million (compared to \$13 million to \$22 million in the U.S.), while the cost of production per episode of TV content is \$88,000 to \$142,000 (compared to \$22,000 to \$27,000 in the U.S.)

The cost of producing a PC/or console game in India is estimated to be \$ 2 million to \$3 million (compared to \$11 million to \$18 million in the U.S.) while mobile games are estimated to cost about \$1 million to \$2 million (compared to \$2 million to \$5 million Stateside).\*

\*Source: EY Analysis