

The Collapse of the India's creative Industries*

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There is no doubt that creative industries, along with care activities, are going to emerge as some of the most significant economic sectors of the future. Broadly speaking, the creative industries consist of advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research & development, software, computer games, electronic publishing, and TV/radio.

A 2019 [report](#) from by UNCTAD (Creative Economy Outlook 2019, Geneva: UNCTAD) notes how these activities are valuable in both cultural and commercial terms. Obviously, they improve human and social well-being, and as expressions of the human imagination, bring joy, meaning and fulfilment to lives. In their finest forms, they can spread important social and cultural values that encourage social cohesion and lift human spirits.

But in addition, they are also crucial for inclusive economic development, not least because of their very large employment potential. Unlike many other sectors, technological changes can affect creative industries positively, creating new jobs and not necessarily reducing existing jobs much. Since the contemporary creative economy thrives at the intersection of culture, technology, business and innovation (think of the 3D animation now flourishing in Hungary and Indonesia as well as in India, or outdoor arts parks like Imhotim in Brazil) it can be a potent source of future innovation as well. These activities are increasingly well-suited to small and medium-sized enterprises, especially when barriers to entry are lowered. And cross-border trade in creative goods and services is buoyant, and remained so even during the pandemic.

Interestingly, India has been seen as one of the countries with the most potential for expansion of these industries. In 2015, UNCTAD identified it as the eighth largest exporter of creative goods in the world and the third largest among developing countries (after China and Hong Kong) with exports of nearly \$17 billion and a trade surplus of \$12 billion in this sector. Bollywood was only one part of this, and an increasingly less important part: in recent years, for example, India has become a centre for outsourcing of game development and game support services.

Of course, in India it is hard to estimate exactly how many people are involved in the creative industries, because so many of them, the dominant share, are engaged in informal work, and only a small proportion operate in what are called “registered” industries. But there is no doubt that the numbers are huge. The handloom and handicraft sector alone is recognised to be the second largest employer in the country after agriculture, estimated to employ (directly or indirectly, and including subsidiary employment) around 200 million people. Performing arts and other cultural activities, design and fashion, film and photography generate have generated growing employment opportunities, and new sectors benefiting from online transmission have increased exponentially in job creation. In an economy like India, where lack of productive employment opportunities and inadequate livelihoods have been the key challenge of the recent past, the importance of these activities simply cannot be underlined enough.

Yet these industries have not had the benefit of increased public support, despite this very consequential role in employment generation. In many countries—and especially in India—public investment in culture has been steadily decreasing especially over the past decade, as confirmed by a recent report from UNESCO (“Reshaping Policies for Creativity: Addressing culture as a global public good”, UNESCO, Paris 2022). This obviously has a strong impact on the resilience and sustainability of cultural and creative sectors in times of crisis, particularly when such activities as automatically classified as “non-essential” and therefore less deserving of support in straightened times.

So asking how these creative industries were affected by the Covid-19 pandemic is more than an academic question or one of interest only to people engaged in these activities—it has ramifications for the whole economy and for future potential development. In the absence of more comprehensive official data on this, a new report (“Taking the Temperature: Impact of Covid-19 on India’s creative economy”, Report 3, British Council and Art X company, 2022) provides valuable survey-based information on what has happened to several of India’s creative industries over this period, and what strategies they have adopted to cope with the sudden and continued shocks. It provides the results of three consecutive surveys from March 2020 to November 2021, of mainly formal sector enterprises but some informal activities as well, that indicate how India's culture sector has been responding to the pandemic and related lockdowns from March 2020 to November 2021.

The evidence is predictably dire. These industries are among the hardest-hit sectors in terms of both income and employment, although the results are uneven across different activities. The worst impact has been in live performance, such as in theatre, music and dance, as well as in festivals, cinemas, galleries and museums. However, business in private galleries and art sales, as well as in online activities like Virtual Reality, Artificial Intelligence and gaming have continued to expand through the pandemic, sometimes at a faster rate.

The lockdowns and social distancing (more accurately physical distancing) requirements affected most of all the of micro, small and medium enterprises that are estimated to account for around 88 per cent of employment in these sectors. Skilled freelance workers also suffered. The surveys found that such workers experienced income losses of 51 per cent, and many (44 per cent) who previously had employers were forced to move to more insecure and unprotected freelance work.

Craft artisans were especially badly hit, completely deprived of livelihood at short notice. The mass exodus of migrant workers back to native villages included millions of such workers. The surveys found that 76 per cent had their work negatively impacted by the pandemic. 44 per cent faced cancellation of orders and delays in payments, and only 58 per cent could make any new products in the pandemic. Around 22 per cent of such workers lost at least 75 per cent of previous income during this period. Access to working capital, which is largely through informal credit channels, became a huge problem because of difficulties in repaying past loans and exorbitant rates being charged on new loans. Some craft organisations and enterprising and lucky individuals could adapt by pivoting to digital platforms (the report cites some positive examples) but these remained a tiny minority.

Festivals—both religious and cultural—have long been major, if seasonal, job generators in India. (For example, Durga Pujas in Kolkata alone have estimated

footfalls of 2 to 3 lakh people daily, providing employment and incomes for those involved in organising and performing as well as for sellers of wares and food and other service providers at the venues.) The festival season usually runs from October through March in most parts of the country, but in 2020 and 2021, most festivals were cancelled, postponed or drastically whittled down due to physical distancing restrictions. This affected not only direct employment, but demand for products sold at these and intermediate goods involved in such production. Some festivals catering to a more elite group were able to chart a revival path based on using digital platforms and online interactions, but these necessarily involved less income and fewer job opportunities.

The film industry in India is the world's largest, with Bollywood facing growing competition from regional language producers. Film theatres faced problems similar to those of live performances, and around 1000 screens (out of an estimated 9527 across the country) shut down permanently in the pandemic. Some theatres are now opening, however. Streaming services grew in number and strength, but the overall impact on employment is still not clear.

Museums and galleries remained closed for an average of 155 days in 2020 (remarkably and sadly, for less days than schools remained closed in India!) and some had to close again in 2021. Obviously, there were large drops in footfalls (by 70 per cent) and revenues (by 40-60 per cent) compared to 2019. As in the rest of the world, more of them turned to online presentations.

In contrast to these declines, the online gaming industry experienced a surge during the lockdowns and after, especially as games became more immersive and more affordable. In India, the content is becoming more localised, with more emphasis on regional languages and regionally-specific cultural content. All this has increased its popularity with the dominantly young population in the country, and provided new employment for a small but growing number of skilled workers. Gaming platforms witnessed around 50 per cent growth in new user registrations and 20 per cent increase in daily active users, leading to growing investments in this sector.

This particular success notwithstanding, the creative industries suffered a bod blow during the pandemic, and many activities and particularly valuable goods and services such as some handicrafts and certain types of performance simply may not survive. This is bad not only for employment: it affects the quality of life and well-being of everyone in society. It is known that health care and social services benefit from greater linkages with cultural and creative sectors because they lead to greater physical, mental and emotional well-being. These services can also be catalysts of social and economic value creation and social cohesion, particularly in a time when divisive tendencies being pushed instead.

Public intervention (of the right kind) is therefore crucial to help these activities survive and cope with the severe and myriad challenges they now face. This is particularly important for the many millions of creative people who have had no choice but to become small and micro entrepreneurs in an increasingly fragile and risky environment. The creative sector holds immense potential for employment generation and a healthier, happier population in the future. If only we are able to get governments able to recognize this and unlock its full potential in ways harmonious with all of society and with nature.

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