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ANALYSIS**

TOPIC

**SUPERCHARGING INDIA'S
CREATIVE ECONOMY**

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SUPERCHARGING INDIA'S CREATIVE ECONOMY

Context

- The creative economy in India, encompassing artisans, weavers, and traders, faces unique challenges despite its potential, as highlighted by the **Asian Development Bank Institute (ADBI)**.
 - ♦ Artisans struggle with **bureaucratic hurdles** like GST filing and e-way bills, exacerbated by illiteracy and lack of access to proper legal and financial support. Many are leaving their crafts, leading to a decline in traditional arts.

Creative Economy

- It encompasses **economic, cultural, and social aspects** that interact with **technology, intellectual property, and tourism**. It's a vibrant mix of knowledge-based activities that contribute to economic growth and development.
- It is the contribution made to the **economic and cultural value chain** by economic activities that involve **formally or informally acquired knowledge** and embody a substantive amount of **original ideas, skills, imagination, or social behaviours** that are **non-repetitive and are adaptive to technological change** and mechanisation.
- According to the United Nations Conference on Trade and Development (UNCTAD), the creative economy is seen as an evolving concept that builds on the '*interplay between human creativity and ideas and intellectual property, knowledge and technology*'.
- It is a powerful force for transformation, and is driven by human creativity and innovation. The United Nations calls it the '**Orange Economy**'.

CREATIVE ECONOMY		
Economic Contribution <ul style="list-style-type: none"> • GDP • Create Jobs • Export 	Business Climate <ul style="list-style-type: none"> • Create Jobs • Impact for other sector • Marketing 	National Identity <ul style="list-style-type: none"> • National Icon • Building culture, culture heritage & local values
Renewable Resources <ul style="list-style-type: none"> • Knowledge based creativity • Green community 	Innovation & Creativity <ul style="list-style-type: none"> • Ideas • Value Creation 	Social Impact <ul style="list-style-type: none"> • Quality of life • Distribution of welfare • Increased social tolerance

World and Creative Economy

- Recently, the **Creative Economy Outlook 2024 of UNCTAD** revealed Creative Economy's diverse impact across countries, ranging from **0.5% to 7.3% of GDP** and employing **between 0.5% to 12.5%** of the workforce.
- **Growth in Creative Services:** Over the past decade, creative services' share of all service exports rose from 12% to 19%, while creative goods' share of all goods exports remained steady around 3% since 2002.
 - ♦ Developing countries are increasingly exporting creative goods, with their share growing from 10% in 2010 to 20% in 2022.
- The most exported creative services include software services, research and development, advertising, market research, and architecture.
- **Globally**, it generates annual revenues **exceeding \$2 trillion** and provides **employment for nearly 50 million people**.

India and Creative Economy

- India's creative economy — measured by the number of people working in various creative occupations — is estimated to contribute **nearly 8% of the country's employment**, much higher than the corresponding share in Turkey (1%), Mexico (1.5%), South Korea (1.9%) and even Australia (2.1%).

- ◆ Yet, according to UNCTAD, India's creative exports are **only one-tenth of those of the People's Republic of China**.
- Creative occupations pay reasonably well — **88% higher than the non-creative ones** and contribute about **20% to the nation's overall GVA**.
- According to the Ministry of Commerce and Industry, 'the domestic apparel and textile industry contributes 2.3% to the country's GDP and 12% to exports'.
 - ◆ Creative exports surged by 20% last year, crossing the \$11 billion mark, and are expected to achieve '\$250 billion textiles production and \$100 billion exports by 2030'.
- Out of the **top ten creative districts in India, six are non-metros** — Badgam (J&K), Panipat (Haryana), Imphal (Manipur), Sant Ravi Das Nagar (Uttar Pradesh), Thane (Maharashtra), and Tirupur (Tamil Nadu) — indicating the diversity and depth of creativity across India.
 - ◆ **Tier-2 and Tier-3 cities** are now vibrant hubs for artistic expression.

Untapped Potential

- According to the **Asian Development Bank Institute (ADBI)**, 'India's creative economy is large, but its untapped potential is even larger'.
- **Handicrafts Sector:** Employing over 6.8 million people, this sector contributes significantly to India's creative landscape.
- **Handloom Sector:** With more than 3.5 million employees, handloom weaving is an integral part of our heritage.
- **Allied Workers:** Over 2.5 million people work in related fields.
- **Exports:** Handicraft exports alone exceeded \$1,800 million during the last financial year.

Associated Challenges

- **Self-Organization and Unorganized Spaces:** Many creative sectors operate in a self-organised or even unorganised manner. While they function, they do so with limitations.
- **Everyday Hassles:** Stakeholders in the creative economy face seemingly minor yet impactful issues. For instance:
 - ◆ **GST Impact:** In 2017, the introduction of the Goods & Services Tax (GST) led to a 5% tax on cotton and yarn. Weavers across the country felt the pinch as work dried up.
- **Ageing Artisans:** Most artisans are now elderly, and their children are either migrating to cities or opting for other professions like driving or mechanics.
- **Digital Divide:** India has a significant digital divide, especially between rural and urban areas. According to the **latest National Sample Survey Office (NSSO) data**, only 24% of rural Indian households have access to the internet, compared to a 66% penetration in cities.
 - ◆ Furthermore, 14% of rural citizens actively use the Internet, in contrast to 59% of urban adoption.

Key Initiatives

- Recently the Union Government introduced the '**All India Initiative on Creative Economy (AIICE)**' with the aim to bring together India's vibrant creative industries, allowing them to collaborate, innovate, and thrive in the ever-evolving landscape of the creative economy.
- **National Creators Award:** It recognises such impactful voices across 20+ categories and awards them.
- **Zonal Cultural Centers:** There are seven centres in India that promote and preserve the country's cultural heritage that aim to:
 - ◆ Develop Indian culture in various regions
 - ◆ Promote national unity through cultural integration
 - ◆ Promote fine arts, dance, drama, music, theatre, crafts, and related forms of creative expression
- **UNESCO Creative Cities Network (UCCN):** It was created **to promote cooperation among cities** that have identified creativity as a strategic factor for sustainable urban development.
 - ◆ It now includes 350 cities in over a hundred countries.
 - ◆ UNESCO listed Kozhikode, Gwalior, Mumbai, Chennai, Hyderabad, Varanasi, Jaipur, and Srinagar to the Creative Cities Network (UCCN).

Role of Emerging Technologies on the Creative Economy

- Emerging technologies — such as artificial intelligence (AI), augmented reality (AR), virtual reality (VR), and blockchain — are reshaping the working culture of artisans, weavers, and traders.
 - ♦ **Artificial Intelligence (AI):** AI is revolutionising value chains for creative content. **Machine learning algorithms** analyse vast datasets, allowing computers to recognize patterns and learn new actions without explicit programming.
 - ♦ **Augmented Reality (AR) and Virtual Reality (VR):** These immersive technologies enhance user experiences. In the creative economy, AR and VR can transform storytelling, art exhibitions, and entertainment.
 - ♦ **Blockchain technology:** It provides **transparency, security, and traceability**. In the creative economy, it can **revolutionise intellectual property management, copyright, and royalty payments**.

Call for Formalisation of Creative Economy

- Recognising the above challenges, some voices within the creative community advocate for formalisation. By bringing various sectors under one umbrella term, it can address their issues more effectively. It could mean:
 - ♦ **Raise Awareness:** Shine a spotlight on the struggles faced by artisans, weavers, and traders.
 - ♦ **Advocate for Policy Changes:** Push for reforms that protect their interests.
 - ♦ **Foster Collaboration:** Encourage cross-sectoral partnerships and knowledge exchange.
 - ♦ **Preserve Heritage:** Ensure that age-old crafts don't fade away like sepia photographs.
- **Creative Economy needs 'Policy Support'**, considering the unique needs of artisans, weavers, and traders; and **'Training Programs'** to enhance skills and adapt to changing market dynamics; along with **facilitating 'better access to markets'**, both domestic and international.

Conclusion and Way Forward

- To develop the creative economy to realise its full potential, Indian policymakers would like to:
 - ♦ increase the recognition of Indian culture globally;
 - ♦ facilitate human capital development among its youth;
 - ♦ address the bottlenecks in the Intellectual Property (IP) framework;
 - ♦ improve access to finance; and
 - ♦ streamline the process of policymaking by establishing one intermediary organisation.
- India, with its vibrant creative ecosystem, is also embracing digital transformation. The **adoption of emerging technologies** opens avenues for content production, distribution, and monetisation.
- Cloud computing, AI, and e-commerce platforms empower Indian businesses, making them more efficient and productive. Moreover, India's digital transformation could lead to a five-fold increase in economic value by 2025.

Source: FE

Mains Practice Question

- [Q] To what extent has India's creative economy contributed to its overall economic growth and development? How emerging technologies like artificial intelligence and blockchain are important for the creative economy?

