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CHALLENGES FACED BY INDIAN GAMING AND ANIMATION INDUSTRY: A LITERATURE REVIEW

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Abstract: *The Indian animation industry has emerged as a promising segment within the broader media and entertainment sector, driven by technological advancements, increasing digital consumption, and global outsourcing opportunities. Despite this growth potential, existing literature highlights several persistent challenges that hinder the industry's sustainable development and global competitiveness. Key issues include skill gaps and inadequate industry-oriented training, along with limited original intellectual property creation and overdependence on outsourcing work. Financial constraints and low budgets further restrict innovation and scalability within the industry. Additionally, challenges related to technological infrastructure and digital ecosystem limitations have been discussed in multiple studies. Weak policy support and regulatory complexities also affect industry growth. Furthermore, the domestic market exhibits limited acceptance of animated content beyond children's programming, reflecting gaps in audience perception and consumer behaviour. The literature also highlights concerns regarding creative autonomy and the lack of strong storytelling rooted in local cultural narratives. By consolidating insights from academic research, industry reports, and policy documents, this literature review provides a comprehensive understanding of the structural and creative barriers affecting the Indian animation industry and establishes a foundation for future research and strategic interventions.*

Index Terms *- Indian animation industry, AVGC sector, skill gap, outsourcing dependence, intellectual property, policy support, audience perception*

I. INTRODUCTION

The animation industry has developed into a vital component of the global media and entertainment sector, contributing significantly to cultural expression, economic development, employment generation, and technological advancement. Animation today is widely used across films, television, advertising, video games, and educational platforms, reflecting its growing importance in the digital economy.

In India, the animation industry began gaining momentum in the late 1990s and early 2000s, largely driven by the availability of cost-effective skilled labour and increasing outsourcing demand from global studios. Over time, the industry has evolved with the expansion of OTT platforms, rapid digital media consumption, and growing government initiatives aimed at supporting the creative economy.

Despite possessing a vast talent pool and a rich cultural heritage, the Indian animation industry continues to face several structural and strategic challenges that limit its global competitiveness. Existing research highlights that the industry remains largely service-oriented and outsourcing-driven, with limited success in creating globally recognized original intellectual property (IP). Key issues repeatedly identified across academic and industry literature include skill gaps, lack of industry-oriented training, financial constraints, technological limitations, and inadequate policy support. Additionally, the domestic market for animation remains underdeveloped, with content often perceived as primarily suitable for children.

This literature review aims to critically examine the existing body of research on the challenges faced by the Indian animation industry. By analyzing academic studies, industry reports, and policy documents, the study seeks to identify key structural, creative, and institutional barriers affecting industry growth. Understanding these challenges is essential for formulating strategies that can enable the Indian animation industry to transition toward a sustainable, innovation-driven, and globally competitive ecosystem.

II. LITERATURE REVIEW

The existing literature on India's animation and gaming industry reveals a striking paradox: despite being part of one of the fastest-growing segments within the media and entertainment sector, the industry continues to face multiple structural and strategic constraints. On one hand, India benefits from a large youth population, increasing smartphone penetration, expanding digital infrastructure, rising OTT consumption, and growing global demand for cost-effective animation and gaming services. On the other hand, scholars argue that this growth has been largely quantitative rather than qualitative, with limited progress in innovation, intellectual property creation, and global competitiveness.

Academic literature, industry white papers, and policy reports consistently categorize the challenges faced by the industry into several interconnected themes, including skill gaps, outsourcing dependence, financial constraints, technological infrastructure limitations, weak policy support, and content development challenges. These challenges are not isolated; rather, they are deeply interrelated. For instance, skill deficiencies contribute to lower creative output, which reinforces dependence on outsourcing contracts. Similarly, financial constraints restrict investment in advanced technologies and original IP creation, thereby limiting global competitiveness.

Furthermore, academic studies emphasize that although India has successfully integrated into global production pipelines, it has not proportionately enhanced its value creation mechanisms. The industry's service-oriented business model, combined with a risk-averse investment climate and fragmented policy environment, has limited its ability to evolve into an IP-driven creative economy.

Additionally, cultural and market-related factors further constrain growth. Audience perception of animation as a children-centric medium reduces demand for diverse and mature content, thereby discouraging innovation and experimentation. This creates a feedback loop where limited demand leads to limited content diversity, which in turn reinforces existing perceptions.

Overall, the literature suggests that the challenges faced by the Indian animation industry are systemic and interconnected, requiring coordinated interventions across education, finance, technology, policy, and cultural domains. Isolated improvements in individual areas are unlikely to produce sustainable growth. Instead, a holistic and integrated approach is necessary to enable the industry to transition from a service-based model to a globally competitive, innovation-driven ecosystem.

III. METHODOLOGY

This study adopts a qualitative research design using a systematic literature review approach to examine the challenges faced by the Indian gaming and animation industry. The research is based entirely on secondary data collected from peer-reviewed journal articles, industry reports, government policy documents, and academic databases such as Google Scholar and Scopus, covering the period from 2005 to 2024. A keyword-based search strategy was employed using terms such as "Indian animation industry challenges," "AVGC (Animation Visuals, Gaming and Comics) sector India," and "gaming industry barriers." Relevant sources were screened through abstract and full-text review based on predefined inclusion and exclusion criteria to ensure reliability and relevance. The collected literature was analysed using thematic analysis, through which recurring patterns were identified and categorized into major challenge areas, including skill gaps, outsourcing dependency, financial constraints, technological limitations, policy support gaps, and content development issues. This structured approach ensures comprehensive synthesis and analytical rigor while maintaining transparency in the research process.

IV. OBJECTIVES OF THE STUDY

To analyse the key challenges faced by the Indian gaming and animation industry: The study aims to identify and examine the major structural, financial, technological, and creative barriers affecting the growth of the AVGC sector.
To examine the impact of financial constraints on industry growth and innovation: It focuses on understanding how limited funding, low budgets, and outsourcing dependence restrict scalability, technological adoption, and original content creation.
To evaluate the extent of skill gaps and inadequacy of industry-oriented training: The objective is to assess the mismatch between academic training and industry requirements, and its effect on employability and productivity.
To investigate the limitations in original intellectual property (IP) creation: The study aims to explore why the industry remains outsourcing-driven and lacks ownership of globally competitive content.
To analyse technological infrastructure challenges affecting production and distribution: This includes examining issues related to high costs of hardware, limited access to advanced tools, and digital infrastructure gaps.
To assess the role of policy support and regulatory frameworks in industry development: The objective is to evaluate how policy gaps, lack of incentives, and regulatory inconsistencies influence industry growth.
To understand the impact of limited domestic market acceptance on content development: The study seeks to analyze audience perception and its influence on the demand for diverse and mature animated content.
To examine challenges related to creative autonomy and storytelling capabilities: It focuses on understanding how risk aversion, criticism, and lack of storytelling skills limit innovation and originality.
To provide a foundation for strategic recommendations and future research: The study aims to contribute insights that can help policymakers, educators, and industry stakeholders improve the competitiveness of the Indian AVGC sector.

4.1 FINANCIAL CONSTRAINTS IN THE INDIAN GAMING & ANIMATION INDUSTRY

The Indian gaming and animation industry faces significant structural challenges primarily driven by financial limitations. The capital-intensive nature of content creation—requiring advanced software, high-performance hardware, and skilled professionals—creates substantial entry barriers. Industry estimates suggest that Indian studios operate with budgets nearly 40–60% lower than global counterparts, limiting their ability to produce high-quality, globally competitive content.
A major consequence of financial constraints is the industry's service-oriented business model. Approximately 70–80% of animation work in India is outsourced from Western markets (NASSCOM, FICCI-EY reports). While this provides steady revenue, it restricts creative ownership and innovation, with profit margins typically remaining low (around 15–20%). Dependence on foreign clients also exposes studios to external risks such as currency fluctuations and demand volatility.
Limited funding further restricts technology adoption and infrastructure development. Access to expensive resources like motion capture systems, rendering farms, and advanced game engines is often unaffordable for smaller studios. As a result, companies are forced to compromise on production quality and scale, reducing their competitiveness in global markets.
Talent retention is another critical issue linked to financial constraints. Indian studios struggle to match international salary standards, leading to high attrition rates (25–30%). The reliance on freelance professionals, while cost-effective in the short term, hampers consistency and long-term capability building within organizations.
The domestic market ecosystem also remains underdeveloped. Limited funding from broadcasters, fewer theatrical releases for animated content, and low willingness to invest in original intellectual property reduce revenue opportunities. Additionally, venture capital participation is limited, and India lacks dedicated funding mechanisms such as animation or gaming development funds.
In contrast to global peers, India lags in institutional and policy support. Countries like Canada and South Korea provide tax incentives and subsidies (20–30%), significantly reducing production costs and encouraging domestic content creation. The absence of similar large-scale support in India further exacerbates financial stress within the industry.
These financial limitations force studios into a quality vs. quantity trade-off, prioritizing high-volume, low-margin outsourced projects over innovation and original IP development. Investment in emerging technologies such as VR, AR, and AI remains minimal, restricting future growth potential. Consequently, India continues to function largely as a service provider rather than evolving into a global hub for original content and intellectual property.
Financial constraints remain the most critical barrier to the growth of India's gaming and animation sectors. Without systemic interventions—such as government subsidies, tax incentives, improved access to funding, and stronger industry-academia collaboration—the industry risks stagnation.

4.2 CHALLENGES IN SKILL GAPS AND INADEQUATE INDUSTRY-ORIENTED TRAINING IN THE INDIAN AVGC INDUSTRY

The Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector is witnessing rapid expansion, with projections estimating a $26 billion market by 2030 (FICCI-EY, AnimationXpress). However, this growth is severely constrained by a persistent skill gap and lack of industry-oriented training, often described as a "talent crunch" across literature and policy discussions.

The Skill Gap Paradox

A major challenge is the demand-supply mismatch in skilled talent. Industry reports indicate that by 2026, the gaming segment alone requires nearly 40,000 professionals, yet around 70–80% of graduates are not industry-ready (NASSCOM, AnimationXpress analysis). While many candidates possess basic knowledge IJNRD - International Journal of Novel Research and Development (www.ijnrd.org) of tools, they lack advanced, production-level expertise required in real-world environments.
This gap stems largely from outdated academic frameworks. Traditional curricula emphasize theoretical understanding and static software training, whereas modern studios demand proficiency in real-time engines (Unreal, Unity), advanced 3D pipelines, and AI-assisted workflows. The absence of exposure to live production cycles leaves graduates unprepared for the iterative, deadline-driven nature of the industry.

Inadequate Industry-Oriented Training

The lack of structured, industry-aligned training mechanisms further aggravates the issue. Until recently, India lacked a comprehensive national-level policy framework for AVGC skill development. Training has largely been confined to private institutes, often expensive and inconsistent in quality. Key challenges include:

- Quality Deficiency in Training: A shortage of faculty with real studio experience results in graduates who hold certifications but lack practical competence.
- Technological Lag: Rapid advancements in AR/VR, gaming engines, and AI tools outpace curriculum updates, making training content obsolete by the time it is implemented.
- Limited Practical Exposure: Insufficient collaboration between academia and industry restricts access to real-world projects, pipelines, and production standards.

The persistent skill gap has broader economic and strategic implications. Indian studios remain largely dependent on outsourcing work for global companies rather than developing original intellectual property. This limits innovation, reduces value creation, and weakens India's position in the global AVGC ecosystem. Moreover, the inability to produce industry-ready talent increases training costs for studios, slows project execution, and discourages investment in high-end production capabilities.

Addressing the skill gap is critical for the sustainable growth of the AVGC sector. Recent policy initiatives, such as the Union Budget 2026 announcement of AVGC Content Creator Labs in 15,000 schools, signal a shift toward structured intervention. However, long-term progress depends on studio-integrated education models, curriculum modernization, and stronger industry-academia collaboration.

4.3 LIMITED ORIGINAL INTELLECTUAL PROPERTY (IP) CREATION IN THE INDIAN AVGC INDUSTRY

The Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector has emerged as a key component of the country's "Orange Economy," yet it faces a critical structural challenge—limited creation of original intellectual property (IP). In this context, IP refers to original content such as characters, stories, game concepts, and fictional worlds that a company owns and can monetize across multiple platforms. Despite strong technical capabilities and growing global demand, the industry continues to function largely as a service hub rather than a content creator.

The "Service-Hub" Trap and Skill Disconnect:

A major factor restricting IP creation is the industry's dependence on outsourcing-driven workflows. Research highlights that Indian studios excel in execution but lack ownership in creative direction, which is often retained by Western clients. This results in economic leakage and limited brand-building opportunities.

The issue is closely tied to a skill disconnect. Academic and training systems continue to produce technically trained professionals but not creative storytellers or IP developers. With the rise of real-time engines (Unreal, Unity) and AI-driven pipelines, studios now require talent skilled in character design, narrative development, and world-building—areas where India still lags.

Barriers to Original IP Creation

Literature identifies three key structural barriers:

- The "Mythology Loop": Studios often rely on repetitive mythological themes as a low-risk strategy. While culturally rich, this limits narrative diversity and reduces global appeal.
- Financial and Legal Constraints: Original IP requires long-term investment ("patient capital"), but India's funding ecosystem is not designed to support high-risk creative ventures. Additionally, weak IP enforcement and the prevalence of clone content discourage innovation.
- Infrastructure Limitations: Advanced production tools such as motion capture systems and rendering infrastructure remain concentrated in major cities, restricting access for emerging creators and smaller studios.

The lack of original IP prevents India from moving up the value chain in the global AVGC industry. Instead of generating high-value franchises and multi-platform revenue streams, the sector remains dependent on low-margin service work. This limits India's soft power, global cultural influence, and long-term economic potential.

Recent policy efforts, including the Union Budget 2026 initiative to establish AVGC Content Creator Labs in 15,000 schools, indicate a shift toward fostering creativity and decentralized talent development. However, literature consistently emphasizes that real transformation requires a transition from execution-based skills to portfolio-driven creative competence, supported by stronger funding models and industry-academia collaboration. Without this shift, India risks remaining a technical backbone for global studios rather than a creator of globally recognized intellectual property.

4.4 TECHNOLOGICAL INFRASTRUCTURE CHALLENGES IN THE INDIAN AVGC INDUSTRY

In the era of Industry 4.0, the Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector faces a critical constraint—inadequate technological infrastructure, often described as a "hardware-software disconnect." While access to advanced software tools has improved, the high cost of physical infrastructure required for real-time rendering, simulation, and high-end production continues to limit growth.

The Render Bottleneck:

One of the most significant infrastructure challenges is the cost of rendering. Literature highlights that small and mid-sized studios spend up to 40% of their production budgets on hardware, maintenance, and electricity for local render farms. Although cloud-based GPU solutions offer scalability, their adoption remains limited due to high internet costs and bandwidth constraints, especially in non-metro regions. This restricts the feasibility of cloud-first production pipelines, creating inefficiencies and slowing down production cycles.

As a result, there is a geographical concentration of infrastructure and talent in cities like Bengaluru, Mumbai, and Hyderabad, leaving smaller cities and emerging creators with limited access to high-end production ecosystems.

Latency and Device Constraints:

In the gaming segment, infrastructure challenges extend beyond production to user-side limitations. A large portion of Indian gamers rely on low-cost smartphones (below ₹15,000), which are incapable of supporting high-fidelity, resource-intensive games. This creates a dual constraint:

- Server-side latency issues due to limited high-speed internet infrastructure
- Device limitations that restrict developers from building advanced AAA-level content

Consequently, developers are compelled to focus on low-poly, lightweight mobile games, limiting technological advancement and reducing India's presence in high-end PC and console gaming markets.

These infrastructure gaps impose a "quality ceiling" on the AVGC industry. Limited access to advanced technologies such as motion capture (MoCap), virtual production setups, and high-performance GPUs results in content that struggles to match global quality standards.

Addressing infrastructure challenges is essential for enabling high-quality content creation and global competitiveness. Government initiatives such as the proposed Indian Institute of Creative Technologies (IICT) with a ₹391 crore investment represent a significant step toward building

high-end infrastructure. However, broader solutions—such as affordable GPU cloud access, improved digital infrastructure, and decentralized tech ecosystems—are necessary to democratize access to technology.

4.5 WEAK POLICY SUPPORT IN THE INDIAN AVGC INDUSTRY

The Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector is supported by strong strategic intent, reflected in initiatives like the "Create in India" campaign and the National AVGC-XR Mission. However, literature from 2024–2026 highlights a critical challenge—a "policy implementation gap," where vision exists but execution remains fragmented and inconsistent.

Regulatory Fragmentation and Uncertainty:

A major issue is the lack of uniform policy frameworks across states. While states such as Karnataka and Telangana have introduced dedicated AVGC policies and incentives, many others lack even basic institutional support. This results in a "regulatory patchwork," making it difficult for studios to scale operations across regions.

Policy instability has also impacted the gaming segment. The Promotion and Regulation of Online Gaming Act (2025) introduced significant regulatory changes, including the removal of the clear distinction between "games of skill" and "games of chance" in real-money gaming. This created market uncertainty, leading to reduced investments and workforce disruptions in major firms.

The Funding–Policy Disconnect:

Another key challenge is the disconnect between financial systems and policy support. Research indicates that creative enterprises, especially MSMEs, face difficulty accessing credit because digital intellectual property (IP) is not widely recognized as collateral.

Although the Union Budget 2026 allocated ₹250 crore for AVGC-related school-level initiatives, there remains a lack of large-scale production funding mechanisms comparable to global standards. Countries like Canada and France provide structured funding and incentives for content creation, whereas India's support remains limited and fragmented. This restricts studios from investing in original IP development and keeps them dependent on low-margin outsourcing models.

The combined effect of regulatory inconsistency and weak financial backing creates an uncertain business environment. Recent literature suggests that India is transitioning from a "regulatory vacuum" to a "regulatory burden," where increasing rules are not yet matched by clarity or consistency.

The way forward lies in policy harmonization, including alignment between central and state regulations, clearer taxation frameworks, and stronger financial support systems.

4.6 LIMITED DOMESTIC MARKET ACCEPTANCE IN THE INDIAN AVGC INDUSTRY

The Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector faces a significant cultural challenge—limited domestic acceptance of animation as a mainstream medium. Despite being a major global producer, animation in India continues to be widely perceived as content meant primarily for children, a phenomenon often described as the "cartoon bias."

The "Cartoon Bias" and Cultural Perception:

A deeply rooted societal mindset associates animation with early childhood entertainment and moral storytelling, rather than as a medium capable of addressing complex themes. This perception has confined animation to a narrow audience segment, reducing its creative and commercial potential.

Research indicates that Indian audiences, especially adults, often overlook animated content regardless of its artistic or narrative depth. In contrast, global markets recognize animation as a versatile storytelling medium, spanning genres such as drama, politics, and psychological narratives.

The "Mythological Trap" and Genre Stagnation:

The domestic animation industry has historically relied on mythological and child-centric content. Studies highlight that younger audiences, particularly Gen Z, are increasingly drawn to international content such as anime, which explores diverse and mature themes. The lack of similar experimentation in India has limited audience engagement and global competitiveness.

Broadcaster Constraints vs. Emerging OTT Platforms:

A major structural factor behind this perception is the broadcaster-driven content model. Traditional television networks have long prioritized content for the 4–12 age group, as advertising revenues are concentrated in this segment. This has discouraged studios from producing content targeted at older audiences. However, the rise of OTT platforms has begun to shift this landscape, creating space for experimental and mature animated content.

This cultural underestimation results in limited demand for diverse and high-quality animation, discouraging studios from investing in original and experimental projects. The literature consistently identifies a "creative underestimation" of animation in India, where the medium is undervalued despite its storytelling potential. To overcome this, the industry must actively shift toward genre-diverse, mature content and reframe animation as a medium rather than a category.

4.7 CREATIVE AUTONOMY CHALLENGES IN THE INDIAN AVGC INDUSTRY

The Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector is undergoing a transition from "technical execution" to "creative ownership," yet it continues to face a major constraint—limited creative autonomy. While Indian studios have built strong technical expertise through outsourcing, they often struggle to develop original narratives, and when they do, they face intense domestic criticism and low acceptance.

Criticism and Risk-Averse Creativity:

A key issue highlighted in recent literature is the harsh and often discouraging reception faced by Indian animation projects. Unlike international markets where experimentation is encouraged, Indian studios are frequently criticized for poor quality comparisons with global standards, "childish storytelling" assumptions, and lack of originality even in early-stage or experimental projects. This creates a risk-averse environment where studios avoid innovation to escape backlash.

The Mythology Paradox:

The industry is further constrained by the "mythology loop." While Indian mythology offers rich narrative potential, over-dependence on a few well-known epics has led to repetitive storytelling. Research suggests that creators often feel restricted in their creative choices, as deviation from familiar themes risks both financial loss and audience rejection.

Storytelling Skill Gap:

Another critical barrier is the lack of trained storytellers and world-builders. Industry reports emphasize that the workforce is largely composed of technically skilled professionals but lacks strong narrative creators. Storytelling is often treated as secondary to animation production, resulting in content that may be visually competent but lacks emotional depth and global relatability.

The combination of creative restrictions and critical audience perception limits innovation and discourages studios from investing in original IP. The literature concludes that achieving true creative autonomy requires a shift from criticism-driven conservatism to experimentation-driven

growth. Only by fostering an environment that values original storytelling and accepts creative experimentation can India transition from a technical powerhouse to a globally recognized creator of meaningful and diverse content.

V. FINDINGS AND DISCUSSIONS

5.1 Financial Constraints

A comparative review of major industry reports highlights financial constraints as a multi-dimensional issue rather than a singular limitation. Reports by FICCI–EY primarily emphasize the cost disadvantage, noting that Indian studios operate with budgets 40–60% lower than global counterparts. In contrast, NASSCOM focuses on the outsourcing-heavy model, where 70–80% of work comes from foreign clients, resulting in low margins and limited ownership. Meanwhile, KPMG and PwC extend the discussion toward long-term value creation, highlighting weak investment in original IP and limited monetization opportunities. Taken together, these studies suggest that financial constraints are not merely about insufficient capital but reflect a structural ecosystem issue.

5.2 Skill Gap & Training

The literature consistently identifies a significant skill gap, though different studies interpret its causes differently. NASSCOM highlights the employability crisis, reporting that 70–80% of graduates are not industry-ready. AnimationXpress reinforces this by pointing to a talent shortage despite increasing demand. From an academic perspective, the Design Research Society attributes this gap to lack of exposure to real-world production pipelines and tools, while the Press Information Bureau emphasizes the absence of a structured national framework for skill development. Synthesizing these insights, the skill gap can be understood as a systemic misalignment between education, industry needs, and policy support.

5.3 Limited Original IP Creation

A comparative analysis of literature reveals that limited IP creation is both an economic and creative challenge. FICCI–EY frame the issue as a consequence of the outsourcing-driven model. KPMG builds on this by emphasizing financial and structural barriers, particularly the absence of long-term investment ("patient capital"). Academic studies further highlight the creative limitations, including over-reliance on mythology and lack of storytelling expertise. The combined perspective suggests that India's limitation lies in a dual gap—financial (lack of investment) and creative (lack of storytelling capability).

5.4 Technological Infrastructure Challenges

Different studies approach infrastructure challenges from both production and consumption perspectives. ResearchGate and MDPI emphasize the high cost of production infrastructure, such as render farms and GPUs. In contrast, the Observer Research Foundation highlights user-side limitations, such as low-end devices and poor internet connectivity. Additionally, ResearchAndMarkets points to the geographical concentration of infrastructure in metro cities. Together, they indicate that technological limitations create a "quality ceiling," restricting both innovation and market expansion.

5.5 Weak Policy Support

Policy-related literature reflects both consensus and divergence in interpretation. Reports from the Press Information Bureau highlight strong government intent and emerging initiatives, such as AVGC-XR missions. However, independent and academic sources highlight implementation gaps and inconsistencies. This contrast suggests that India is transitioning from a policy-deficit stage to a policy-fragmentation stage, where multiple initiatives exist but lack coherence. Effective growth requires not just more policies, but better coordination and execution.

5.6 Limited Domestic Market Acceptance

Cultural studies provide a nuanced understanding of domestic market challenges. Granthaalayah identifies the "cartoon bias," where animation is perceived primarily as children's content. The Design Research Society expands this by examining audience behavior, noting limited acceptance of animation as a serious storytelling medium. Together, they suggest that limited acceptance is both a demand-side perception issue and a supply-side content strategy issue.

5.7 Creative Autonomy Challenges

Literature on creative autonomy reveals both psychological and structural barriers. International Journal of Creative Research Thoughts highlights the impact of criticism and risk aversion, which discourages experimentation. Design Research Society emphasizes the lack of storytelling skills, while industry insights point to market expectations and global comparisons as limiting factors. Creative autonomy emerges as a combined outcome of skill gaps, market pressures, and cultural expectations—all of which discourage innovation.

VI. CONCLUSION

The Indian Animation, Visual Effects, Gaming, and Comics (AVGC) sector stands at a critical turning point, shaped by multiple structural challenges—financial constraints, skill gaps, weak policy support, limited domestic acceptance, infrastructure limitations, restricted IP creation, and lack of creative autonomy. Together, these issues have historically positioned India as a service-oriented hub, excelling in technical execution but lagging in original content ownership and global influence.

A recurring theme across these challenges is the cycle of limitation: low funding restricts infrastructure and talent development; skill gaps reduce innovation; weak policy frameworks discourage investment; and cultural biases limit audience acceptance. This interconnected ecosystem has reinforced a risk-averse mindset, where studios prioritize safe, outsourced projects over experimental and original storytelling.

However, alongside these constraints, a significant positive shift is emerging, largely driven by the current generation. Young creators are actively breaking traditional norms, moving beyond mythology-centric and child-focused narratives to explore diverse genres such as sci-fi, horror, satire, and slice-of-life storytelling. The rise of independent creators and YouTube-based ecosystems has democratized content creation, allowing young animators to showcase original ideas without institutional barriers, experiment with storytelling styles and formats, and build direct audience engagement.

Additionally, global exposure is playing a constructive role. The popularity of international content—such as anime, webtoons, and high-quality gaming—has raised audience expectations within India and inspired creators to adopt better storytelling techniques and production standards, encouraging the blending of local cultural elements with global narrative styles.

Recent policy efforts, including AVGC-XR initiatives, state-level AVGC policies, and the introduction of creative labs in education, further indicate a gradual shift toward building a more supportive ecosystem. Combined with advancements in real-time engines and AI-driven pipelines, these developments are lowering entry barriers for new creators and paving the way for India to evolve from a service-oriented industry into a globally competitive creative economy.

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