

SECTOR:  
**DIGITAL INNOVATION**



SECTOR OVERVIEW:  
March 2013

CONTACTS:  
Digital Innovation

In this quarterly sector report on Digital Innovation I share with you notes following the annual FICCI Frames conference which took place in February in Mumbai. This landmark event, the largest gathering in Asia's media and entertainment sector, turned up some interesting discussions not only on growth and forecasts, but also on how to reach out to yet more Indian consumers and achieve the sector's full potential.

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This quarter also saw interesting activity in the field of innovation, with the conference Innovate 2013 taking place in London on March 11-13. The conference, which was organized by UKTI and the Technology Strategy Board, brought together 4,000 people involved in innovation and was an excellent opportunity to promote more business-led R&D and open opportunities for UK businesses overseas. Visiting the conference was a delegation of innovation experts from India, which we had the pleasure of hosting for a roundtable discussion at UKIBC.

The entrepreneur-led Web Mission visited Bangalore and New Delhi in February, and it successfully connected UK start-ups and early-stage companies in the digital sector with opportunities in India. The UKIBC is involved in follow up activities to this year's Web Mission.

We hope that you enjoy this quarterly sector report and invite you to send us your comments. For more information on UKIBC's programme of work in the Digital Innovation sector, please contact: [Radhika.Pandey@ukibc.com](mailto:Radhika.Pandey@ukibc.com)

**IN FOCUS: FICCI FRAMES 2013**

In March, the three-day FICCI Frames Conference took place in Mumbai. It is the largest media and entertainment gathering in Asia, which brings together industry and policymakers. The conference was kicked off by Uday Shankar, CEO of Star India and Chairman of FICCI's Media and Entertainment Committee, who spoke about the industry's outstanding growth and potential in his speech at the inaugural session.

The theme of this year's conference was the media and entertainment industry's aspiration of "Engaging a Billion Consumers". In this regard, Mr Shankar said that for a country of 1.2 billion people, India's M&E industry should be much bigger than its current £11,030 million, both in terms of business and creativity. Discussions were held on how to engage with more consumers, with two clear areas of opportunity emerging as: content localisation and innovative delivery formats.

In a panel formed by major players including representatives from Bennett & Coleman, Viacom 18 Media, Disney UTV, Twitter and Discovery Networks, speakers generally agreed on three major drivers of growth: regulatory changes, new technologies, and original and creative content.

Regulatory changes were generally seen as the industry's greatest challenge, mainly because of the perception that the government's focus on containing media and entertainment has ended up stifling growth. Industry

**SECTOR:  
DIGITAL INNOVATION**



players believe that by allowing more freedom of expression, M&E could truly unlock its potential. In relation to government policy, the Secretary of India's Ministry of Information and Broadcasting pointed out that there has already been outstanding progress, with plans to auction over 800 radio licenses, upcoming guidelines for the setting up of a regulatory body in charge of a rating system, rapid progress in digitisation, and ongoing discussions on tax issues.

Another challenge in the industry that was brought up by Mr Shankar was the lack of reliable data on audience measurement, with even top-level executives in the industry unable to access basic figures such as the size of the country's advertising market. Mr Shankar called for more discipline and formality in the sector to fix this.

The sector's skill gap also featured as one of the great challenges facing the sector. In this regard, FICCI's Entertainment Division has played an active role in the formation of the country's Sector Skill Council (SSC) for Media and Entertainment, which aims to bridge the gap in supply and demand of a skilled workforce. The industry already employs six million people in India.

*"This industry is capable of creating employment and wealth much faster than most other sectors and with the ability to be a force multiplier"* - Uday Shankar, CEO of Star India and Chairman of FICCI's Media and Entertainment Committee

This year's FICCI and KPMG joint report on Media and Entertainment was released at the conference. Findings show that India's M&E industry could double in size by 2017 to reach £20,129 million. Mr Ronnie Screwvala, MD of Disney UTV, pointed out that India is the only country where print media is growing and is also the largest DTH market worldwide.

At the closing session of FICCI Frames, plans were announced that FICCI is setting up a Centre for Regulatory Excellence, which will align corporate India's objectives with those of the government with a specific focus on M&E.

Source: FICCI

To read FICCI's press releases on this year's FICCI Frames conference, [click here](#).

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**UKIBC Webinar: India's Media and Entertainment Sector**

In advance to FICCI Frames, the UKIBC, in cooperation with BT and KPMG, organised a webinar in February to give businesses an introduction to the conference and to India's media and entertainment sector. At the webinar, experts shared their thoughts on opportunities for UK businesses in India, and they answered questions on attending the FICCI Frames conference in Mumbai. The following speakers took part in the webinar: Leena Jaisani, FICCI India; Jehil Thakkar, KPMG India; TR Giridhar, UKTI India; and Adrian Dunbar, BT Innovate & Design.

Leena Jaisani from FICCI spoke about highlights and achievements from previous editions of FICCI Frames, as well as the role of FICCI's Entertainment Division in shaping policy. Leena listed synergies between the UK and India in the M&E sector, which you can see below.

SECTOR:  
**DIGITAL INNOVATION**



**Synergies in Media & Entertainment Sector :  
India & UK**



- The growing middle class with higher disposable income has become the strength of the Media and Entertainment industry in India. Technological innovations like online distribution channels, web-stores, multi- and mega-plexes are complementing the ongoing revolution and the growth of the sector.
- India and UK signed a co-production agreement in the area of film production in 2008. U.K. has been one of the favorite shooting locations for Indian films. Several benefits to be cashed from the co-production treaty.
- Co-financing of feature films using visual effects could be one of the focus areas as there is strong potential for VFX work to be produced in partnership with firms in India.
- There is a strong potential for co-producing animated television series as domestic demand for animated content in India is growing as new television channels enter the Indian market. In the new digital setup of TV distribution system that is soon going to be a reality in India, there is an opportunity for niche channels to come up in India which would again fuel demand for fresh contents.

**Synergies in Media & Entertainment Sector :  
India & UK**



- The concept of crossover movies, such as *Bend It Like Beckham*, *Kites* etc. has helped opening up new doors to the crossover audience and offer immense potential for development.
- There is strong potential for partnering between Indian and British firms on games development. There is a massive potential for games on mobile devices in India. There are possible opportunities for web-based games development attached to social media in India.
- As gap exists in demand and supply of skilled workers in this sector, there is a need for skill impartment to the raw talent widely existent in India. FICCI has started the process by initiating the establishment of Sector Skill Council in Media & Entertainment sector which could be further strengthened with the help of British experiences.
- The low cost of production and high revenues ensure a good return on investment for Indian Media and Entertainment industry.

SECTOR:  
**DIGITAL INNOVATION**



A recording of the webinar can also be downloaded [here](#).

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**MARKET UPDATE**

**UKIBC Innovation Roundtable**

On March 11th, the UKIBC hosted a roundtable to discuss technology and R&D collaborations between the UK and India. We had the opportunity to welcome a delegation of science, technology and innovation specialists from India which included representatives from the Indian government and from the Science and Innovation Network based at the British High Commission in India. The delegation was visiting the UK to attend the [Innovate UK 2013 conference](#), which was in itself an eventful occasion as it led to the signing of a [multi-million pound agreement](#) to support UK-India R&D projects and commercialisation.

The roundtable discussions dealt with furthering UK-India partnerships in R&D, challenges and areas of opportunity. Participants from the UK included top-players in business and academia involved in innovation across sectors such as digital technology, healthcare and advanced engineering.

To read more detailed notes on this insightful roundtable, [click here](#).

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**Web Mission 2013: Bangalore and New Delhi**

In February, [sixteen of the UK's most promising](#) digital, wireless and mobile software technology companies took part in an entrepreneur-led mission to Bangalore and New Delhi with the aim to explore opportunities in the Indian market. Supported by the Technology Strategy Board and UK Trade & Investment (UKTI), delegates had the opportunity to meet with potential partners and customers, develop their know-how of the business ecosystem and connect with likeminded entrepreneurs.

The mission resulted in many of these early-stage companies closing deals during the trip, which allowed them to match their products to needs in the Indian market. Others expressed interest in returning to India very soon to further explore partnership opportunities with major companies like Microsoft, Infosys, Ericsson and HCL.

The UKIBC is involved in the planning of follow up activities including a training workshop. To learn more, please contact [Radhika.Pandey@ukibc.com](mailto:Radhika.Pandey@ukibc.com)

Visit the Web Mission website [here](#), for resources and press releases following the visit.

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**Union Budget 2013-14: Incentives for manufacturing**

In February, India's Finance Minister, Shri Palaniappan Chidambaram, announced the Union Budget for 2013-14, which included some positive tax and non-tax incentives for the manufacturing sector. It introduced a tax deduction of 15% on investments exceeding £ 12.4 million in new plant and machinery, invested between 1 April 2013 and 31 March 2015.

SECTOR:  
**DIGITAL INNOVATION**



The National Electronics Policy was also announced to promote the manufacturing of electronics in India. In it, there is a [zero custom duty](#) on imports of equipment required for the setting up of semiconductor plants.

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**INVESTMENT UPDATE**

**Indian government to spend £ 4.5 billion on IT products and services in 2013**

With a 10% increase in spending from 2012, the Indian government is expected [to spend £ 4.5 billion on IT products and services this year](#). Telecommunications will remain the largest spending category with an expected growth rate of 6.8% in 2013. Meanwhile, software will likely achieve the highest growth with an 18% growth forecast.

Over the coming years, India's IT sector will benefit from government-led projects such as the [Unique Identification Authority of India](#) (UIDAI), which will become the [world's largest biometric identification system](#) in the world. Other government projects that will generate opportunities for players in the digital sector include: the launching of the National Optical Fibre Network, the computerisation of commercial taxes in states, expanding broadband penetration, rural banking and ATMs, and many more

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**eBiz government portal launched**

In January, the Commerce and Industry Ministry announced the [launch of an eBiz portal](#) providing Government-to-Business (G2B) services. This site will become a facility for information and services, and will offer joint services where a single application submitted by a customer for a number of permissions, clearances, approvals and registrations, will be routed automatically across multiple governmental agencies. A payment facility will also be enabled, allowing for the collection and rerouting of payments to the relevant beneficiaries across government. The portal was developed by Infosys on a PPP scheme and will be implemented and maintained by the same firm.

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**India's HCL Tech signs engineering service agreement with UK's Cobham**

HCL Technologies, a leading Indian provider of IT services and consulting has [entered into an engineering agreement with UK-based Cobham](#), a technology company serving the aerospace and defence sectors. HCL will support Cobham's sites across the globe and help their engineers develop cutting edge solutions.

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**Delcam promotes Healthcare Division on UKTI Mission to India**

Birmingham-based software developer [Delcam](#) recently visited India as part of UKTI's healthcare mission to New Delhi, Mumbai and Chennai. At the Indo-British Health Initiative conference on diabetes, the company promoted products and services from its healthcare division including a new version of the OrthoMODEL software for the design of custom orthotic insoles for patients with diabetes.