THE FUTURE OF CREATIVE CLUSTERS AND INDUSTRIES

Dr. Amarja Satish Nargunde
Faculty, Department of Management Studies at Bharati Vidyapeeth University, Institute of Management & Rural Development Administration, Sangli Maharashtra India 416416

ABSTRACT

Creativity is a driver for the economic growth, being increasingly considered a key strategic asset for improving competitiveness in the knowledge based economy. This context favours the creative industries, which are estimated to account more than 7 percent of the world’s gross domestic product and are forecast to grow, on average, by 10 percent each year. According to the same source, in OECD countries they represent already a leading sector of the economy, with annual growth rates between 5 and 20 percent. For instance, in United Kingdom the sector generates revenues of over GBP 110 billion and employs 1.3 million people. The situation is similar in US whose export started to be led in 1996 by the cultural products (films, music, television programmes, books, journals and computer software), surpassing for the first time all other traditional industries, such as automobiles, agriculture, aerospace or defense. Over the period 1977-1996 the core copyright industry of the US grew three times faster than the annual growth rate of the economy. Creative industries are knowledge and labour intensive and foster innovation; the sector is considered to have a huge potential for generation of employment and export expansion. The rise of the Creative Economy is drawing the spheres of innovation (technological creativity), business (economic creativity) and culture (artistic and cultural creativity) into one another, in more intimate and more powerful combinations than ever. The economy is moving from “an older corporate-centered system defined by large companies to a more people-driven one.” This means neither that the large companies will disappear, nor that the economy will be built only around small and medium enterprises and independent free agents. People represent the critical resources of the creative age. However, according to UNCTAD, its potential is currently not realized.
INTRODUCTION

Creative Industries

There is no unique definition of these industries. ‘Cultural industries’, ‘Creative industries’, ‘Future Oriented Industries’ in the economic terminology or ‘Content Industries’ in the technological vocabulary. US analysts use increasingly the term of ‘Entertainment Industries’. However, the terms ‘cultural’ and ‘creative’ industries are the ones most used in different analyses.

Further developments towards a wider context of application led to a shift from the concept of cultural industries to the notion of creative industries, the understanding of the creativity concept itself moving from the activities having a strong artistic component to “any activity producing symbolic products with a heavy reliance on intellectual property and for as wide a market as possible”

The creative industries can be defined as “those industries that have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property” (UK Creative Industries Task Force, 1997).

Creative industries are less national, and more global and local/regional… Their characteristic organisational mode is the micro-firm to small to medium-sized enterprise (SMEs) relating to large established distribution/circulation organisations”. Taking into account all the above arguments, we consider the creative industries as lying at the crossroads between the arts, business and technology.

Creative Clusters

Many countries have already recognized the importance of creative industries and are supporting them through public-sponsored policies including cluster promotion. ‘Creative clusters are not the same as other clusters, and common strategies will not work.

The term "Creative Cluster" refers to the geographic concentration of a creative industry (craft, film, music, publishing, interactive software, design, etc.) that pools together its resources in order to optimize the creation, production, dissemination and exploitation of creative works. Such clustering activity eventually leads to the formation of a network and the establishment of partnerships.

However, due to the nature of these industries, the formation of creative clusters tends to not follow the conventional process of "cluster formation", which generally speaking, tend to be attracted to an area by its market potential (enhanced cluster-based competitiveness) or to the existence of a technology institution or university. In the case of the creative industries, enterprise clustering occurs organically, given that many creative projects are done on a collaborative and project-based basis.

Creative clusters play a vital role in the social and economic development of a region and nation. As a result many countries consciously embark on implementing policies to create an encouraging environment for the prosperity of the creative industries. Such policies include those related to the strengthening of national intellectual property regimes.
Type of Industries Creative Sector Includes
Heavily industrialized and commodified industries
Advertising and marketing
- Broadcasting (the radio and television industries, including their newer cable, satellite and digital forms)
- Film industries (this includes the distribution of films on video, DVD and other formats, and on television)
- The internet industry, including website creation, portal providers
- The mobile content industry
- The music industries: recording, publishing and live performance
- Print and electronic publishing, including books, CD-ROMs, on-line databases, information services, magazines and newspapers
- Video and computer games

Less industrialized cultural and creative activities
Traditional cultural activities:
- The visual arts (painting, sculpture)
- The performing arts (theatre, opera, concerts, and dance)
- Museums and library services

Other creative activities: crafts, fashion, design industry and household objects. They might include architecture, cultural tourism, and even sport.

Types of Organizations
The profit-seeking sector is increasingly dominated by large conglomerates with functions both in the processes of production and distribution of the complex creative goods – such as films, books, records. Big companies like Sony, Disney, Time Warner, etc. deal with large scale production, promotion and distribution of creative goods on a more and more internationally level. Balancing this there are small firms involved mainly in discovering new talents and promoting them on the creative market.

One of the elements with profound effects on the organization of creative industries is represented by the fixed costs necessary for the creative goods production. The cost of a film negative is the same, independent by the size of audience. Therefore, for example Bollywood or Hindi Film Industry is trying generate as much revenue as possible from different sources. The revenue mix for good movies is more widely spread today. While domestic box office accounts for 50-55 per cent (earlier 70 per cent) of total revenues, satellite TV rights make up 20 per cent and overseas territories 10-15 per cent. The home video segment is also growing, accounting for 10 per cent revenues. In the wide basket, it is only the music rights which have sunk over the years and seen very little rise.

Still if the fixed costs are too large compared to the market size, the revenue obtained will not cover them. When the market becomes larger, a monopoly seller will emerge. The same analyst shows that even if a potential competitor would push to decrease the prices, usual he cannot face the corporation which has the monopoly of the market. Further, if the market becomes even more enlarged we will meet an oligopoly (few firms). The tendency of concentration of creative goods producers and distributors is increasing, and we meet currently the oligopoly model, beside the film industry, mainly in record industry, book publishing, and toys and games. Figure 1 illustrates in this respect the first ten world leading groups in the audiovisual fields & Figure 2 the number of specialized service firms in Hollywood film production over the years.
Figure 1: Ranking by audiovisual turnover of the 10 leading groups worldwide in USD millions, 2003\(^1\); in brackets: annual average growth rate 1996-2003 \(^2\)


Figure 2 Table: Specialized service firms in Hollywood film production

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Production companies</td>
<td>563</td>
<td>709</td>
<td>1473</td>
</tr>
<tr>
<td>Rental studios</td>
<td>13</td>
<td>24</td>
<td>67</td>
</tr>
<tr>
<td>Properties firms</td>
<td>66</td>
<td>33</td>
<td>184</td>
</tr>
<tr>
<td>Editing</td>
<td>4</td>
<td>31</td>
<td>113</td>
</tr>
<tr>
<td>Lighting</td>
<td>2</td>
<td>16</td>
<td>23</td>
</tr>
<tr>
<td>Recording/sound</td>
<td>20</td>
<td>33</td>
<td>187</td>
</tr>
<tr>
<td>Film processing</td>
<td>43</td>
<td>76</td>
<td>55</td>
</tr>
<tr>
<td>Market research</td>
<td>3</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>Artists’ representatives</td>
<td>242</td>
<td>359</td>
<td>344</td>
</tr>
</tbody>
</table>

Source: Caves, 2000, p. 97
In Hindi Film Industry also new money is also coming into film production itself as small producers start incorporating their family-owned businesses. The country has seen a half-dozen public offerings for film-related companies in the past two years, although they all trade at less than half their opening price. Even titans such as $8 billion Tata Group and $13 billion Reliance Industries Ltd. are eyeing the industry.

Another feature of the large corporations is that they tend to cover more than one sector of the creative industries and to work on an international scale. For example, Time Warner activities contain magazine and book publishing, production and distribution of cinema and TV films, distribution of sound recording, operating cable TV networks and systems. Viacom, Disney and News Corporation show similar spans (Figure 3).

**Figure 3** Table: Leading media groups worldwide – Turnover in millions USD and breakdown of turnover by activity, in % (2003)

<table>
<thead>
<tr>
<th>Company</th>
<th>Turnover 2002 in millions USD</th>
<th>Film and Programmes</th>
<th>Video</th>
<th>Broadcasting &amp; Cable Programming</th>
<th>Music</th>
<th>Publishing</th>
<th>Internet &amp; Multimedia</th>
<th>Cable &amp; Telecoms</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sony</td>
<td>72081</td>
<td>10.1</td>
<td>(1)</td>
<td>-</td>
<td>7.5</td>
<td>-</td>
<td>10.4</td>
<td>-</td>
<td>77.7</td>
</tr>
<tr>
<td>Time Warner</td>
<td>39565</td>
<td>27.7</td>
<td>(1)</td>
<td>21.3</td>
<td>-</td>
<td>14</td>
<td>21.7</td>
<td>19.5</td>
<td>-</td>
</tr>
<tr>
<td>Vivendi Universal</td>
<td>32182</td>
<td>23.6</td>
<td>(1)</td>
<td>16.3</td>
<td>19.5</td>
<td>23.6</td>
<td>2.2</td>
<td>35.5</td>
<td>2.8</td>
</tr>
<tr>
<td>Walt Disney</td>
<td>27061</td>
<td>27.2</td>
<td>(1)</td>
<td>40.4</td>
<td>(1)</td>
<td>8.7</td>
<td>-</td>
<td>-</td>
<td>23.7</td>
</tr>
<tr>
<td>Viacom</td>
<td>26585</td>
<td>15.4</td>
<td>22.2</td>
<td>58.4</td>
<td>-</td>
<td>(1)</td>
<td>-</td>
<td>6.6</td>
<td></td>
</tr>
<tr>
<td>Bertelsmann</td>
<td>21219</td>
<td>(1)</td>
<td>(1)</td>
<td>26.5</td>
<td>16.1</td>
<td>38.9</td>
<td>(1)</td>
<td>-</td>
<td>21.7</td>
</tr>
<tr>
<td>News Corp. Media</td>
<td>17474</td>
<td>25.7</td>
<td>(1)</td>
<td>41.5</td>
<td>(1)</td>
<td>27.5</td>
<td>(1)</td>
<td>-</td>
<td>5.3</td>
</tr>
<tr>
<td>Lagardere Media</td>
<td>10033</td>
<td>(1)</td>
<td>-</td>
<td>7.3</td>
<td>-</td>
<td>38.2</td>
<td>(1)</td>
<td>-</td>
<td>54.5</td>
</tr>
</tbody>
</table>

Source: European Audiovisual Observatory Yearbook (2004), vol.1, p.27
Notes: (1) included in “Films and programmes”; (2) included in “Others”; (1) included in Broadcasting & Cable Programming; (1) included in Music; (1) Year at 31.03.2002

Besides the conglomerates, which represent the big ‘promoters’ of the already consecrated artists, there are though small or independent companies having often a ‘gate keeping’ function for the new talents. In some fields such as the record industry, these companies, so called ‘pickers’, are oriented to identifying and promoting new styles of music and types of performers.

Generally speaking, the profit seeking sector in the creative industries follows the institutional patterns of the ‘new economy’: Bollywood is becoming a game for the big boys. New upstarts like Sahara and UTV are pumping in money behind production and marketing to create mega commercial hits like No Entry and Rang De Basanti while Anil Ambani’s Adlabs Films is planning to have a high-point presence in all the segments of film business.
IDBI Bank is the leader in the pack, having late last year decided to double its exposure limit to Rs 2 billion. No wonder the big daddy of film financing believes it has found the right formula for lending to the industry. The rules of the filmed entertainment business are changing. The production process is getting more corporatised, multiplexes are bringing in a breath of fresh air on the exhibition front, and investors are watching with keen interest which way the fortunes are going to swing. The production cycle is getting shorter for at least the organised players. Mukta Arts, for instance, took six months to produce Shaadi Se Pehle.

The venture capital model is typical in starting new companies, which as they grow and become successful are often bought out by big companies. In this way, the entrepreneurs produced the creative work and bring it into the market. Another key feature of the new economy is the outsourcing of the manufacturing to specialized subcontractors – the so called modular manufacturing system. Within the creative industries this trend is met for instance in the film sector, where the specialized work carried out formerly by a big studio is now outsourced to independent services firms (editing, lighting, recording/sound, film processing, etc.) Yash Raj Films has a strong overseas distribution arm and has set up a hi-tech studio to grab outsourcing work from Hollywood.

NON PROFIT ORGANISATIONS (NPOS)

The non-profit sector embraces primarily the high culture area as the organizations within the sector have a major goal of producing cultural value. The non profit organizations are frequent in the fields where the fixed-cost problem is harsh. But why NPOs would carry out activities without covering their costs? In fact, according to Caves, NPOs benefit from several advantages that explain their predominance in several creative industries, as maintaining over time a good quality of the goods/services offered and being more oriented to the quality of the product delivered than on the aim of minimizing the costs (as the managers of profit organizations tend to be).

Even if it is principally commercial, this sector includes the university presses and other publishing managed by non profit organizations (in 1980s the non profit share was 12 percent in book publishing and 22 percent in magazines). Among the performing arts, symphony orchestras and opera companies are financed exclusively by the non profit sector (public or private).

TECHNOLOGICAL REVOLUTION

Technological change represents an important driver of both production and consumption patterns within the creative industries. The current influence of technology on this sector has been the effect of computer technology and advances in video and sound reproduction. The new technology had big impact in the fields intensively using the new media technologies based on digitalisation – e.g. television, compact discs, videocassettes and more recently DVDs – but less in others or even insignificantly in fields such as performing arts.
The primary effect of the new channels of distribution (such as Internet and P2P – ‘peer to peer’) is increased overall consumption. The expansion of consumption very much reduces the marginal cost of adding a consumer and the consumer enjoys a much larger range of consumption experiences. One side effect of this trend seems to be the creation of superstars, whose fame hardly can be explicable only in terms of talent, argues further the same analyst. In Bollywood star salaries typically consume 40% of a film's budget, leaving relatively little for scripts, preproduction planning, or sophisticated post-production digitization. In Hollywood, by contrast, even the $30 million paid to Arnold Schwarzenegger for Terminator 3 was less than 20% of the film's $170 million budget.

An important aspect to be taken into account is that even if digitisation arises in many industries, only a few sectors have a fully digital value chain. Therefore, the policy responses should avoid generalisations, each industry requiring specific analysis and policy developments. The impact of digital forms will require new business models and ways of working and new skills and infrastructure. Each of these industries preserves specific characteristics, whilst at the same time sharing common features with others within a digitised value chain. At the same time they increasingly will share common infrastructures (such as digital telecommunications networks) and common inputs (such as skills and digital equipment).

Digital content and applications are key inputs for the creative sector. The content is assured mainly by the creative and cultural industries as well as other sectors like education (e.g. digital programme materials, online distance learning), health (such as telemedicine), government information and services, financial services (such as online banking, insurance), business services (e.g. legal and accounting services, advisory).

**Source:** An adaptation of the figure ‘Mapping content production industry systems’ of Australian National Office for Information Economy study (2003, fig. 1.3, p. 9)
Digital production influences the creative industries and actually all the industries. Be it Superman flying across the globe, Spiderman spreading his webbing to travel in New York City or our very own Krrish jumping over Singapore’s skyscrapers and climbing mountains in a jiffy; all these need high end support from artists and technicians behind the scenes. These superheroes wouldn’t have made it to the big screen without post-production houses, animations studios and software makers.

The term VFX generally deals with computer-generated imagery (CGI), composting, title design and animatronics. Every movie made these days is bundled with loads of special effects and artistic work. Compositing refers to creating new images or moving images by combining images from different sources—such as real-world digital video, film, synthetic 3D imagery, 2D animations, painted backdrops, digital still photographs, and text. Digital delivery of movies will also drive change. But it is still at a nascent stage and is taking place at the low-cost end. "The industry has around 250 digital exhibition theatres across the country. We will have to push it up to 2,000 to 3,000 theatres," says Gupta. Mukta Arts has a joint venture with Adlabs for the digital delivery business.

It’s not only the fact that producers and directors want their films to be processed in digital labs after the shooting is done. Film makers are even going to production houses with the rough sketch of the storyline and using the latest technologies extensively to visualise their movies before the first shot is called. Post-production houses have even started moving to the role of pre-production by providing facilities such as pre-visualisation, character designs, story boarding and layouts. This helps director do his homework before going for the actual shoot. Software companies are continuously trying to come up with products to make the lives of production houses easier. Some of the companies venturing in the entertainment software are Autodesk, Adobe and Apple.
INTERNET AS A “LOCUS” OF ART CONSUMPTION

There are mainly two serious drivers from the basis of a high degree of convergence of media technologies: the Internet and digital television. According to Miles (1998) a new phase of the Internet is represented by webcasting, which adds audio and video dimensions to the current mainly text-based web pages. The advantages of webcasting are numerous, as Miles points out: from the (i) enlarged capabilities of a TV, radio, satellite receiver, support interactive videos and live transmission or alerts sent directly to or from an institution, to the (ii) increasing audience at global level and to the (iii) possibility of using different receiving devices (TVs, radios, PCs, pagers, telephones and remote devices).

In the future, there is a possibility that digital Internet-originated distribution will also bypass the normal Internet and use direct device-to-device distribution in ad hoc networks, pending on appropriate copyright and payment schemes.

However, according to Miles, there are principally two factors relevant to proper broadcasting on the Internet: the speed of the servers that send out the signal (as the number of websites visitors is increasing continuously, the servers need to be more and more powerful) and the amount of bandwidth provided by the data-carrying capacity of telephone lines or cable TV to enable multiple users to view the programme.

Bandwidth is still one of the main issues related to the future of Internet. For the time being most people are still connected to the Internet by using 56 Kbps modems and telephone lines, with a low bandwidth that leads to slow reception of electronic data. The new technologies addressing this problem and increasing bandwidth significantly include the connection to the Internet using fiber optic lines and via cable TV and satellite. In this context, if today the Internet is used mainly for e-mail (90% in US, 58% in Europe), followed by information on different issues, work, reading, leisure (video and computer games primarily), the trends foreseen for the new technology might further dramatically increase the time used for leisure on the Internet, such as receiving on-demand music or films, watching news, etc.

CHALLENGES AND OPPORTUNITIES FOR CREATIVE INDUSTRY

I. Technology

Technology has often a dramatic impact on the economic landscape, driving the creation of whole new industries (as it is the case of video gaming sector), but also disrupting the business models of established industries.

- Striving for Vertical Integration Models

In India a more varied business model is taking shape as corporate houses strive for size and vertical integration. Adlabs, Sahara, UTV and E-City originate from different backgrounds and are creating empires that will synergise with their other ventures. Ambani is building an entertainment powerhouse that will sprawl over his telecom venture. Having paid Rs 3.6 billion for a 51 per cent stake in Adlabs, he quickly raised $100 million through an offering of foreign currency convertible bonds (FCCBs). Flushed with funds, Adlabs will scale up movie and radio operations with a heavy presence in exhibition, production, film processing and distribution segments. His Reliance Infocomm will link up theatres and deliver content through its fibre optic backbone. His foray into home video segment will help provide content for Reliance Infocomm's triple play service which Ambani plans to launch by the end of this year. The direct-to-home (DTH) service will also gain content from Adlabs.
Subroto Roy, on the other hand, grew up a broadcast business and then spread his fabric over Bollywood. His Sahara motion pictures division has churned out several hits and can play a big role in pushing the flagging general entertainment channel forward. Sahara's model of tying up with production house K Sera Sera, which had a long term deal with Ram Gopal Varma, for 10 movies proved fruitful.

UTV, which started as primarily a TV content production house, has marched into movies and broadcast areas to boast of being an integrated media company. The company has produced seven movies over the last 30 months and more are on various stages of production now. UTV was commissioned by Star to produce movies for them. Television content companies like Balaji Telefilms have also made cautious steps into film production.

- **Issue of Piracy**

  Time Warner's Stephens said "While pirated DVDs account for 1150 per cent, drug trafficking of cocaine accounts for 1000 per cent, heroin for 360 per cent and coffee for 18 per cent," With the boom in the media space, content owners are increasingly worrying about protecting their intellectual property rights (IPR) and are proactive in the fight against piracy. Indian Music Industry president V.J. Lazarus pointed out that the Indian Music Industry (IMI) has until conducted raids in 250 Indian cities and as many as 10,000 raids have been conducted in the last five years. IMI has also been active in shutting down close to 630 Indian music downloading websites that offered illegal downloads. Three CD plants were raided and sealed valued at Rs 500 million (Rs 50 crores)

- **“Online” Boom : Internet**

  There is a lot of buzz around the Indian Bollywood Industry. Very recently, Eros Entertainment announced its tie-up with Youtube for creating a dedicated channel for its music videos and promos of the film. That has been a huge success with more than a million hits to EROS Channel in less than s month of its launching. Rajshri, an Indian Bollywood movie and portal was in news as it grabbed the rights to release the hit movie Bheja Fry, on its popular video site. Bheja Fry probably is the only movie this year that has had a decent earning. And why not, Bheja fry was actually a movie that fried you brain with its comic scoops. There have been quite a few movies earlier that you could officially download off the Internet by buying them.

  However the big question is how successful these online releases have been. Have they been able to make significant money by making them available on the net? The biggest challenge for these films is whether the users will be ready to shell out money to watch these movies online or download, when they are freely available on the net via p2p network. One can find atleast 10 different copies of varying sizes available free of cost. Yes, it is illegal, but can anybody take action?

II Establishing priorities for promoting cultural industries; developing sector strategies; identifying factors that have an impact on the sector development

The Singapore Creative Industries Development Strategy includes the need for research on the key issues and challenges intersecting with the growth of creative industries and on identifying gaps and challenges impacting the development of the creative industries. The issue of industry fragmentation led to the need of developing strategic analysis and policy recommendations for each sector of the creative industries, due to their particular specificities.
III Development of statistical indicators for data collection in general and measurement of the economic impact of creative industries in particular

Given the large diversity of the creative industries sectors, the absence of accurate data collection and classification is considered to be acute and not able to provide a robust basis for policy making. According to the same source, an important function of the international community would be to develop methodologies and statistical classifications and indicators, which permit the collection of reliable data for estimations of the economic activities of the sector.

IV Understanding better the idea of creativity as a factor conducive to innovation

The need to understand the factors leading to highly creative and innovative ideas and concepts is highlighted in a number of countries, and even being raised to the rank of a national research priority in Australia. It is considered that the understanding of the factors conducive to innovation and its acceptance can maximize the creative and technology capability of a country or region.

V Supporting creative education and training

Creative education and training are considered key issues for long term growth in the creative industries, by the governments of countries like UK or Singapore. There are courses on Media Studies and Communication Studies. Contemporary theoretical and historical research in media forms such as newspaper, radio and television and internet are also discussed with due importance in these courses. At the same time, the students are encouraged through projects and fieldwork to develop their own critical perspectives on recent developments in media practices. Since Film Studies and Media Studies share a lot of common grounds with disciplines like Cultural Studies, and draw upon contemporary social sciences, these courses deal with issues like nationalism, postcoloniality, modernity, postmodernity and globalization. In India, for example, the national context is studied with special emphasis in most of the papers, often in connection with non-western cases such as Japan, the Latin American countries, China and Iran.

From getting to know the aesthetic aspects of film and being familiar with the current intellectual debates on culture and society, to acquiring skills of writing creatively on culture and media and gaining hands-on experience in audiovisual production, the students get exciting journey of discovery to embark upon.

VI Supporting collaboration among researchers and firms

Bringing firms and research providers closer is considered by countries as New Zealand as an effective means to consolidate focused research effort over the long term.

VII The issue of ‘cost disease’ in the performing arts

A long debate in the economics of arts has been the low influence of technological development on performing arts, leading to the so called ‘cost disease’ phenomenon. In the long term the real income of people grows because of the innovation that increase the quality of goods and services as well as because of the increasing productivity based on technological advance, which reduce the cost and the time to produce them.

However, it is not case for all of them the performing arts seem to be the losers in this game, as the number of hours and resources needed for a performance is the same as it was used to be. The problem is more acute in performing arts than in others because many of the
project costs in this field are fixed and the productivity rate is quite stable. The individual and social actors of the creative industries have been trying to evade the problem using production and distribution adjustments: technical changes were introduced in scene design, sound or lighting facilities – enabling larger audience for a live performance; media reproduction technology extended consumption much further; the number of performances have been increased in the case of performing arts or by substituting creative products in visual arts; partnerships between art organisations and corporate enterprises have been continuously developed. Beside these factors, rising consumer incomes and changing tastes led to an increasing demand for arts, even if the demand is spread non-equally among the different art forms. However, even if the cost disease effect is not terminal to the high culture realm in general and performing arts in particular, it still might shrink the sector, legitimising the necessity for public subsidy and financial support from other sources.

VIII Selection of the artists

The selection of the artists is made by intermediaries – agents and dealers – having a gate keeping function for the young talents. A great help for dealers in recognising promising artists is the art community itself, which grades and ranks the young talents, producing the A list/B list ranking in a particular field. The organization patterns of agents are different from an art realm to another: for visual arts the intermediaries are mainly the art galleries. For classical music the competitions that have flourished around the world. In the case of popular musician, after a training which is often informal (e.g. garage bands); the grading and ranking function begins only when he seeks paying engagements. While the free-lance musicians interact in paid sessions and develop contacts participating in auditions and openings, the groups start to have engagements in less pretentious clubs, playing popular songs and trying in parallel to promote their own compositions. For the case of trade-book authors, the gatekeepers are the agent or directly the publishing-house editor.

NEW CREATIVE ECONOMY

The world's biggest companies in 1950 were all industrial manufacturers and raw materials suppliers: Ford, Standard Oil, General Electric, Philips, General Motors. Today the corporate landscape has changed; leading companies include cultural industries like music and entertainment firms, publishers and broadcasters as technology has combined with content to create giant groups such as Time Warner, Disney, Bertelsmann, News Corporation.

Bollywood, whose annual output of 1,000 films, huge popularity of India's film industry in emerging markets has fueled an annual growth rate of 15% for the past five years--three times that of India's 5% gross domestic product growth. Bollywood's global annual revenues, estimated at $1.3 billion this year, are small change compared with Hollywood's $51 billion.

To remain competitive in today's economy, where manufacturing can be outsourced to other countries, what counts is creativity, design and innovation. Companies are therefore trying to distinguish themselves and their products by focusing on their creative skills and by building cultural value into their products. More and more, international companies sell lifestyle, creativity, style and image. Companies like Nike are less and less involved in the actual manufacture of their goods. Their real value lies in the design and cultural 'message' that their products convey.

Across the world, the creative sector is booming. Economic development agencies everywhere have identified the creative industries as a growth sector, and most are supporting them through some form of cluster-based development strategy that understands the sector in both cultural and business terms
Bibliography
1. Bollywood banks on corporate route to the big league: By Sibabrata Das
2. Creative Clusters & Creative London: David Panos
3. Creative clusters: Simon Evans
4. Future of Creative Industries Implications for Research Policy: by Carmen Marcus
5. New Knowledge clusters: new technology is more than noise and bright lights: David Meredith
6. The rise of the creative class (2004): Richard Florida
7. www.creativeclusters.com
8. www.dnaindia.net
10. www.filmst.jdvu.ac.in
11. www.indiantelevision.com : Animation Express : Ranjit Singh
12. www.smriti.com: Post Production Technology in Bollywood
13. www.tbf.org
14. www.thelondonparticular.org
15. www.unesco.org/culture/en
16. www.wipo.int