

**KARNATAKA ANIMATION, VISUAL EFFECTS,
GAMING AND COMICS
(KAVGC) POLICY**

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1. Background

Karnataka has a unique distinction among the states of our country. It has a language which has over 2000 years of literature; a culture that is just as old; enterprising and peace loving people. Bangalore, hub of cutting-edge technology, has placed our country as a focal point in the global economy and is also a melting pot of cultures and languages from across the globe.

The greatest advantage the people of Karnataka enjoy is a proactive Government that has moved step by step with the enterprising people of the state. The Government has been supporting a variety of economic and industrial activities, by initiating specially designed policies to promote growth. The IT/ITES Policy is one such success story by the Government which has resulted in exponential growth of the IT industry.

One of the greatest challenges facing our country and our State is the challenge of building capabilities of its population. Educated, skilled, healthy and empowered people are an asset to the State. Therefore, the challenge is to ensure that every citizen of our state is an asset and is enabled to participate productively in the growth process of our economy.

2. Introduction to AVGC Industry

Still in its developmental phase, the Karnataka Animation, Visual Effects, Gaming and Comics (KAVGC) sector is striving to attain recognition with collective efforts from within the Industry to take it to higher levels of creativity, productivity and efficiency.

The AVGC sector is represented by companies, joint ventures, focus groups, consultants and creative professionals. They are engaged in the business of conception, production, post-production, media and intellectual property rights management, publishing and marketing of animation, visual effects, special effects, editing, digital gaming including mobile-console-desktop games (excluding gambling) and comics content. They also actively promote the products and related services like development of software used in pre-production, production and post-production pipelines, education and advanced research, development of AVGC subjects, related technology and its business management.

The quality of animation has improved with the incorporation of 3D effects to enhance visual appeal. Another key trend witnessed in the global animation industry is the outsourcing of animation content to Asia.

The global animation market was estimated at USD 68 billion in 2008 and is expected to grow at a CAGR of 10 per cent to reach USD 100 billion by 2012. The Indian Animation Industry has registered a turnover of USD 494 millions in 2008 and is expected to grow at a CAGR of 22 per cent to reach USD 1 billion by 2012.

The global gaming market was estimated at USD 36 billion in 2008 and is expected to grow at a CAGR of 10.5 per cent to reach USD 53.6 billion by 2012.

The mobile and online gaming segments are relatively new segments in the global gaming arena, but have grown rapidly to account for 29 per cent (mobile) and 24 per cent (online) of the global gaming revenues. Whereas, in India, the Gaming Segment has registered a turnover of USD 167 millions and is expected to grow at a CAGR of 49 per cent to reach USD 830 millions by 2012. (*Courtesy NASSCOM REPORT 2008-09*)

3. Karnataka Animation VFX ,Gaming and Comics (KAVGC) Industry

Karnataka currently has more than 20 training institutes imparting AVGC related training through more than 60 campuses across the state. Currently, more than 10,000 students are undergoing training (ABAI STUDY - 2010). This figure is likely to increase to 25000 by the year 2012. More than 2000 professionals are employed in the education and animation production units in the state apart from web and content development.

Karnataka AVGC Industry has yet another advantage of having some of the major suppliers to the Industry such as HP, AMD, NVIDIA, etc. located within Karnataka and more specifically Bangalore.

ABAI (The Association of Bangalore Animation Industries) has been active in Bangalore since 2005 and represents the AVGC community in taking the cause of AVGC related activities forward by holding regular state level events and expos through private partnerships.

Karnataka has a rich and diverse heritage of art and culture, and there is a great potential for the talent in the state to adapt to AVGC sector. So far, science and technical streams were preferred avenues of the society for employment but the AVGC sector will create better employment opportunities to arts stream. Entry of artists into the AVGC Industry is regardless of cultural and language backgrounds. There is a requirement of nearly 70% of creative and artistic employees in this industry; it will lead to the economic upliftment of large strata of economically backward sections of the society especially in the rural areas.

4. Mission Statement

- The AVGC policy of Karnataka will lay the foundation to recognize the AVGC sector as an upcoming and high growth potential industry in the state.
- To increase the efforts of enhancing investment and growth in the sector and promote job opportunities for the rural artist population of Karnataka apart from generating career opportunities for the urban youth.

5. Objectives

- Make Karnataka the most favored destination for investment in Animation, Visual Effects Gaming and Comics.
- Encourage and support appropriate manpower development, infrastructure development and business development.
- Spread awareness and provide multifaceted employment for people in the AVGC sector.
- Bridge the demand and supply gap of human resources in AVGC sector.
- Attract top global companies in the field of AVGC to Karnataka.
- Capture a larger share of outsourced international AVGC work for Karnataka.
- Facilitate a legal framework for 'IP' creation and its protection.
- Promote growth of indigenous 'digital content' education and entertainment for the masses.
- Set up a "CENTER OF EXCELLENCE" with state-of-the-art facilities to act as a catalyst for the AVGC industry.
- Set up multiple AVGC parks on the SEZ model.

6. Development of Quality Human Resources

- Setting up of an AVGC expert panel (AVGC-EP) comprising of experienced AVGC industry professionals from India and abroad.
- AVGC-EP to study, research and report on the current trends and future requirements of the industry with respect to standardization of training, internships and mentoring programs to be initiated.
- AVGC-EP will prepare a recommendation for introduction and development of standardized AVGC curriculum in pre-university and technical courses.
- Focus on grant of recognition and development of AVGC curriculum at university level to offer specialized diploma, graduation and post-graduation courses through existing institutions.
- GOK to promote AVGC career opportunities through Seminars, Workshops , competitions and other such promotional activities to bring more talented people into the stream irrespective of science or arts background.

- To provide industry-ready professionals of high caliber, a standardized evaluation mechanism would be devised by an Expert Group. Competent Authorities for standardization and certification shall be considered for evaluation and placements.
- Recommendation to Banker's Committee to provide financial assistance and Educational loan facilities to students pursuing Animation and related courses.

7. Development of AVGC Business through policy initiatives

1. Promote 'Karnataka' as a lucrative outsourcing destination.
2. Venture Capital funding for new entrants in AVGC.
3. Participation in international AVGC events/exhibitions/seminars by setting up 'Karnataka Pavilion' and making presentations on capabilities of Karnataka in the AVGC Sector.
4. Visits and participation of SME sector of Karnataka AVGC Companies / Training Institutes in National and International events to generate business to be given financial support to meet the costs where ever Government of Karnataka participates.
5. Measures to encourage JVs between Indian and Foreign entities by providing necessary assistance.
6. To make Karnataka a global brand in the space of digital content creation and entertainment hub.

8. Focus on Awareness and Entrepreneurship

1. Increase awareness on AVGC and opportunities in the sector in various Cities and Districts by holding workshops and training sessions for skilled artisans, students and graduates at different levels.
2. Increase employment opportunities and provide economic upliftment to economically disadvantaged sections of the society.
3. Outreach programs to schools and colleges in private partnerships for generating awareness based on KAVGC recommendations.
4. Promote AVGC sector as a main stream career opportunity.
5. Vocational trainings for increased employment opportunities in the Sector.

9. KAVGC promotion

1. Annual AVGC fests in Bangalore and other parts of the state to encourage students to take up careers in the AVGC Sector.
2. Invite eminent industry professionals from India and abroad to mentor the AVGC industry from time to time.

3. Showcase the traditional and artistic skills for digital content creation from the local talent pool along with the highest level of globally accepted benchmarks.
4. Outreach programs to schools and colleges for generating awareness.
5. Annual award for meritorious students to encourage the competitive spirit.

10. Public-Private Partnership for promotion of Fine Art Schools

Fine art schools are a high source of talent but there is a huge gap in their awareness on digital art and animation as a serious career opportunity.

1. 10 fine art colleges across Karnataka would be identified as Digital Art Centres (DAC) to implement digital art and animation curriculum.
2. DACs to provide training to prepare final year students for a career in digital art and animation industry.
3. DACs to have 20 seater training capacity with state of the art hardware and software.
4. DACs to be run on PPP model with a recognized training partner.
5. DACs to run on PPP model with GOK providing 25% and the private funding of 75% of the total cost.

11. KAVGC Center of Excellence

Centre of AVGC Excellence would be set up on Public Private Partnership (PPP) Mode in Bangalore, for which Government will provide financial assistance towards capital expenditure and purchase of equipment. The Centre of Excellence will have a Finishing Academy cum Incubation Centre and a Post Production and Digital Intermediary Facility, to be set up in 2 phases.

11.1) Phase I - Finishing Academy-cum-Incubation Centre

A Finishing Academy cum Incubation Centre would be set up in Bangalore in the first phase of the KAVGC Centre of Excellence. The State Government will also offer financial assistance for the Academy/Centre towards Capital Expenditure such as equipment, infrastructure and software setup estimated to cost about Rs.50 crores.

The Incubation Centre would be set up so that small and medium entrepreneurs/professionals can carry out their projects in a cost effective manner for International and Domestic Clients.

11.2) Phase II - Post Production and Digital Intermediary (DI) Facility

In the 2nd phase of the Centre of Excellence, Post Production and Digital Intermediary Facility would be set up, estimated to cost Rs. 30 crores. The State Government will offer financial assistance for the above facility towards Capital Expenditure such as equipment, infrastructure and software setup etc.

11.3) Estimated Cost

Center of Excellence

Phase 1: Finishing Academy & Incubation Facility	Rs.50 crore
Phase 2: Post Production & DI Facility	Rs.30 crore

11.4) The AVGC Center of Excellence would be set up in 10 – 15 acres of land at Bangalore. The Centre of Excellence would be set up on PPP mode, with financial contribution from State Government and Central Government also. The investment in the Centre of excellence would be in the proportion of 20% by State Government, 30% by Central Government and 50% by Industry/private partners.

12. KAVGC Venture Capital Fund

Animation, Visual Effects, Gaming and Comics Industry is a capital intensive industry. Though the Industry is part of the Entertainment Industry the Risk Capital is based on the blend of service segment and Intellectual Property Creation. The need of Venture Capital fund is quite essential for the Entrepreneurs in the Industry to meet the growing demands of the Global as well as the Domestic Markets.

Therefore, a VC Fund for the KAVGC Sector would be set up with an initial fund of Rs.50 Crores (Rupees Fifty Crores Only) which would be funded jointly by the Government of Karnataka with Private Venture Capitalists with Government contribution of 26%, to meet the needs of the Entrepreneurs in the State of Karnataka. The eligibility to avail financial assistance from the fund would depend on the Technical excellence and Marketability of the Project and a Committee comprising of CEO, KITVEN, President, ABAI, President, Karnataka Film Chamber of Commerce, Secretary, Karnataka Chitrakala Parishad and a representative of the Dept of IT & BT, Govt. of Karnataka would be members.

13. Infrastructure Development – KAVGC Parks

Key initiatives for exports promotion for KAVGC sector is through infrastructural development. The initiatives are:

- Promotion of AVGC Public and Private Parks on the SEZ identified locations / facilities where infrastructure and land would be made available to entrepreneurs.
- Adequate extent of land to be earmarked for the AVGC sector in the proposed ITIR near Bangalore International Airport.

14. Key Benefits – Opportunities, Growth and Revenue

Policy implementation and facilitation of resources will propel Karnataka as the most favored destination for investment in AVGC sector in next 3 years.

1. Growth in confidence of investors including MNCs to set-up their units in Karnataka and generate foreign exchange for the country.
2. After recognition as an industry, AVGC sector would be organized and correct assessment of employed personnel and revenues can be ascertained.
3. The job creation and employment in the AVGC sector would be doubled in the next 3 years.
4. The efforts will initiate development of indigenous software solutions in the sector to decrease burden on imports and open export opportunities further.
5. Incubation centers will increase the number of AVGC units in the State.
6. Finishing School – part of Center of Excellence will start creating industry ready professionals to bridge the gap between demand and supply of the industry.
7. The AVGC sector revenues in the state will see 40% growth in next 3 years.
8. KAVGC content producers will get opportunities to produce better and more interactive educational and entertainment material for broadcast in local and state owned channels.
9. Eventually Karnataka would become a global brand, in the space of digital content creation, and an entertainment hub.

15. Fiscal Incentives and Concessions

The AVGC sector in the State would be eligible to avail of the fiscal Incentives and concessions as provided in the Karnataka Industrial Policy 2009-2014 (incentives to units located in Zone-4 would be as applicable to Zone-3), which are:

15.1. Investment Promotion Subsidy

- a) Micro Mfg. Enterprises
 - Zone-1: 25% VFA (max. Rs. 10.0 lakhs)
 - Zone-2: 20% VFA (max. Rs. 7.5 lakhs)
 - Zone-3: 15% VFA (max. Rs.5.0 lakhs)
 - Zone-4: Nil

- b) Small Mfg. Enterprises
 - Zone-1: 20% VFA (max. Rs. 20.0 lakhs)
 - Zone-2: 15% VFA (max. Rs. 15.0 lakhs)
 - Zone-3: 10% VFA (max. Rs. 10.0 lakhs)
 - Zone-4: Nil
- c) Med. Mfg. Enterprises (Those who employ minimum 25 workers)
 - Zone-1: Rs. 30 lakhs
 - Zone-2: Rs. 20 lakhs
 - Zone-3: Nil
 - Zone-4: Nil

Notes:

- (i) 25% of the subsidy sanctioned amount will be released every year on refund basis towards the payments made by the unit in respect of gross VAT, ESI and PF and power tariff.

In cases of enterprises which do not use power and not covered under VAT, EPF, ESI, the investment subsidy will be released against the loan dues.

- (ii) This incentive is available to enterprises availing term loan to an extent of minimum 50% cost of fixed assets only.
- (iii) The unit shall avail the sanctioned subsidy within the period of five years.

15.2. Additional subsidy to SC/ST, Women, Physically challenged, Ex-Servicemen, Entrepreneurs and enterprises coming up in most backward taluks of Hyderabad Karnataka Region.

Additional 5% subsidy subject to a Maximum of Rs. 1.00 lakh, Rs. 3.00 lakhs and Rs. 5.00 lakhs for Micro, Small and Medium Manufacturing Enterprises respectively.

15.3. Exemption from Stamp Duty

MSME, Large and Mega Projects:

Stamp Duty to be paid in respect of (i) loan agreements, credit deeds, mortgage and hypothecation deeds executed for availing term loans from State Government and/or State Financial Corporation, Industrial Investment Development Corporation, National Level Financial Institutions, Commercial Banks, RRBS, Co-operative Banks,

KVIB/KVIC, Karnataka State SC/ST Development Corporation, Karnataka State Minority Development Corporation and other institutions which may be notified by the Government from time to time for the initial period of five years only and (ii) for lease deeds, lease-cum-sale and absolute sale deeds executed by Industrial Enterprises in respect of Industrial plots, sheds, Industrial tenements, by KIADB, KSSIDC, KEONICS, Industrial Co-operatives and approved private Industrial estates shall be exempted as below:

Zone-1: 100%

Zone-2: 100%

Zone-3: 75%

Zone-4: Nil

15.4. Concessional Registration Charges

MSME, Large and Mega Projects:

For all loan documents and sale deeds as specified in 2 above, the registration charges shall be at a concessional rate of Re.1 per Rs. 1000.

Note:

(i) The exemption of stamp duty and concessional registration charges are also applicable to lands purchased under Section 109 of the KLR Act and also for direct purchase of industrially converted lands for the projects approved by SHLCC/SLSWCC/DLSWCC. This incentive will also be applicable for the land transferred by KIADB to land owners as compensation for the acquired land.

(ii) The exemption of stamp duty and concessional registration charges are also available for registration of final sale deed in respect of lands, sheds, plots, industrial tenements after the expiry of lease period at the rate as specified in the Industrial Policy which was in vogue at the time of execution of lease-cum-sale deed.

15.5. Waiver of Conversion Fine

MSME, Large and Mega Projects:

The payment of conversion fee for converting the land from agriculture use to industrial use including for development of industrial areas by private investors will be waived as detailed below:

Zone-1: 100%

Zone-2: 100%

Zone-3: 75%

Zone-4: Nil

Note: The waiver of conversion fine will be on reimbursement basis after implementation of projects.

15.6. Exemption from Entry Tax

MSME, Large and Mega Projects:

In Zone – 1, 2 and 3:

100% exemption from payment of ET on 'Plant & Machinery and Capital Goods' for an initial period of 3 years from the date of commencement of project implementation. For this purpose, the term, 'Plant and Machinery and Capital Goods' also includes plant and machinery, equipment etc., including machineries for captive generation of Electricity.

On raw materials, inputs, component parts & consumables (excluding petroleum products) (wherever applicable) for a period of 5 years from the date of commencement of commercial production.

Zone – 4 Nil

15.7. Incentives for Export Oriented Enterprises

MSME, Large and Mega Projects:

15.7.1. Exemption from payment of Entry Tax (ET)

For 100% EOUs, 100% exemption from payment of ET on 'Plant & Machinery and Capital Goods' for an initial period of 3 years from the date of commencement of project implementation irrespective of zones.

For other EOUs, (Minimum Export obligation of 25% of their total turnover) 100% exemption from payment of ET on raw materials, inputs, component parts & consumables (excluding petroleum products) for an initial period of 3 years from the date of commencement of commercial production in Zone 1, 2, 3 and 50% in Zone 4.

15.7.2. Refund of Certification Charges:

Refund of expenses incurred for compulsory marking like Conformity Europeene (CE), China Compulsory Certificate

(CCC) etc., to the extent of 50% of expenses subject to a maximum of Rs. 2.00 lakhs per unit for both 100% and other EOUs in all zones.

15.8. Subsidy for setting up ETPs

MSME, Large and Mega Projects:

One time capital subsidy upto 50% of the cost of Effluent Treatment Plants (ETPs), subject to a ceiling of Rs. 100 lakhs per manufacturing enterprise in Zone -1, 2 & 3 and a ceiling of Rs. 50 lakhs in Zone-4.

15.9. Interest Free Loan on VAT

Large and Mega Projects:

All new large and mega manufacturing Enterprises established in Zone-1, 2 and 3 shall be offered interest free loan on VAT as specified below:

Investment range on fixed assets (Rs. in Crores)	Min. Direct Emp. (Nos.)	Quantum of interest free loan
10 (value of plant & machinery) - 50	Minimum 100 employment and additional 20 employment for every Rs. 10 Crore investment	50% of assessed gross VAT for initial 5 years subject to the max. of 100% of total value of fixed assets. Repayment of the loan shall be in 3 annual installments after 5 years.
51-250	Minimum 200 employment and additional 20 employment for every Rs. 50 Crore investment.	50% of assessed gross VAT for initial 6 years subject to the max. of 75 of total value of fixed assets. Repayment of the loan shall be in 3 annual installments after 6 years.
251-1000	Minimum 400 up to Rs. 300 Crores and 50 additional employment for every Rs. 100 Crores additional investment	25% of assessed gross VAT for initial 7 years subject to the max. Of 50% of total value of fixed assets. Repayment of the loan shall be in 4 annual installments after 7 years.
1001-3000	Minimum 750 for Rs. 1000 Crores and additional 25 for every Rs. 100 Crores additional investment	25% of assessed gross VAT for initial 10 years subject to the max. of 50% of total value of fixed assets. Repayment of the loan shall be in 4 annual installments after 10 years.
More than 3000	1250	25% of assessed gross VAT for initial 15 years subject to the max. of 50% of total value of fixed assets. Repayment of the loan shall be in 5 annual installments after 12 years.

Zone -4: Nil

15.10. Anchor Unit Subsidy

Anchor unit subsidy of Rs. 100 lakhs shall be offered for the first two manufacturing Enterprises with minimum employment of 100 members and minimum investment of Rs.50 Crores in each of the taluks coming in Zone-1, 2 & 3 will be offered. This subsidy will be applicable only in taluks where no industrial Enterprises with investment of Rs. 50 Crores and above exist at present.

15.11. Special incentives for Enterprises coming up in low HDI districts

Only for Large & Mega Projects:

New large scale Enterprises setting up facilities in six districts having bottom most Human Development Index (HDI) and employing atleast 75% local persons as defined in the Sorojini Mahishi recommendations will be offered 75% reimbursement of expenditure on account of contribution towards Employees State Insurance (ESI) and Employees Provident Fund (EPF) Scheme for a period of initial five years.

However, these benefits over a period of five years will be limited to 25% of value of fixed capital investment. The amount of reimbursement will be paid annually based on minimum statutory limit subject to the condition that the unit has paid its contribution towards ESI & EPF on the due dates. Following are the six districts having bottom most Human Development Index:

Sl. No.	District	HDI* (2001)
1	Bagalkot	0.591
2	Bijapur	0.589
3	Koppal	0.582
4	Chamarajanagar	0.576
5	Gulbarga	0.564
6	Raichur	0.547

**As per Karnataka Human Development Report – 2005 published by the Department of Planning & Statistics, Government of Karnataka.*

15.12. Technology Upgradation, Quality Certification and Patent Registration

Micro & Small Mfg. Enterprises:

15.12.1 Interest Subsidy on TU Loan: Zone-1, 2, 3 : 5% on loans availed from KSFC, KSIIDC & Scheduled Commercial Banks, which are not covered under CLCSS of GoI.

15.12.2 ISO series certification: Zone -1, 2, 3 & 4 : 75% of cost (max. Rs. 75,000)

15.12.3 BIS Certification: 50% of fees payable to BIS. (max. Rs. 20,000) and 25% of cost (max. Rs.50,000) for purchase of testing equipments as approved by BIS.

15.12.4 Patent registration: 75% of cost of fees payable to Patent Office (max. Rs. 1.25 lakhs) and 50% of cost (max. Rs. 75,000) towards attorney fees, patent search etc.

15.12.5 Technology Adoption: 25% of cost (max. Rs. 50,000) for adopting technology from recognized national laboratories.

15.12.6 Technology Business Incubation Centre: 25% of the project cost (max. Rs. 50 lakhs).

15.13. Water harvesting/Conservation Measures

Small & Medium Mfg. enterprises in all Zones.

15.13.1. Rain Water harvesting: 50% of cost (max.Rs. 1 lakh)

15.13.2. Waste water recycling: 50 % of cost (max. Rs. 5 lakh)

15.13.3. Zero discharge process: 50% of cost (max. Rs. 5 lakh)

15.14. Energy Conservation

Small & Medium Mfg. enterprises in all Zones

Practicing Energy Conservation measures resulting in reduction of Energy Consumption of atleast 10% of earlier consumption: 10% of capital cost (max Rs. 5 lakh)

Use of non-conventional energy sources: 10% of capital cost (max. Rs. 5 lakh).

15.15. Addl. Incentives to the enterprises following Reservation Policy of the State

Medium, Large and Mega Manufacturing Enterprises in all zones employing more than 100 persons:

50% reimbursement of expenditure incurred for employees coming under reserved category towards contribution to ESI & EPF schemes for a period of initial 5 years.

15.16. Refund of cost incurred for preparation Project Reports

Micro & Small Mfg. Enterprises: Zone 1, 2 and 3:

The cost incurred for preparation of project reports by TECSOK/CEDOK/KSFC or any recognized institutions for availing loans shall be reimbursed to the maximum of Rs.10,000/- per unit subject to financing of the unit.

16. Financial Assistance for Centre of Excellence:

In addition to the above, State will provide funding/financial assistance for the following:

16.1. Finishing Academy and Incubation Center - CoE (State Government's Contribution : 20%)	Rs. 10 Crores
16.2. Post Production & DI Facility - CoE (State Government's Contribution: 20%)	Rs. 6 Crores
16.3. Financial Assistance for IP Creation	Rs. 1 Crore
16.4. Delegations to Animation Seminars/Conferences (Rs. 40 lakhs per annum for 5 years)	Rs. 2 Crore
16.5. Financial Assistance towards Training workshops and sessions for skilled artisans, students and graduates at different levels	Rs. 1 Crore
16.6. Financial Assistance for setting up Digital Art Centres	Rs. 5 Crores

17. Financial Assistance for Art Schools:

Government will provide an amount of Rs. 10 lakhs to each of the identified 10 Art Schools in the districts of Gulbarga, Bidar, Belgaum, Dharwad, Gadag, Raichur, Bellary, Chitradurga, Chamarajanagar and Tumkur for procurement of computer systems and related software/instruments to digitize the Art teaching process.

18. Committee for Selection of Art Schools:

Applications will be invited from Art Schools and a Committee comprising of the following would select the eligible schools:

1. Director, Department of IT & BT, GoK- Chairman
2. Chairman, Karnataka Chalanachitra Academy
3. Director Department of Kannada and Culture, GoK
4. Director Department of Information, GoK
5. President, ABAI
6. Any other Invitee to be decided by Chairman (Director IT & BT)

19. **Definitions**

- **Animation** - Animation is the technology of displaying frames in succession to create an illusion of motion. Animation is used in entertainment, education, design, gaming, simulations etc. It is basically categorized into 2D traditional animation that is done manually by hand and 3D-digital animation that is done by using various software applications. It is finding its use in mobiles, software applications, movie visual effects, visual communication and advertising.
- **Animation Education** - This segment of the industry covers training institutes across the state. It provides animation related education services and serves as a catalyst for access to talent in the growing industry.
- **Animation Entertainment** - This segment broadly covers animated movies, TV broadcast shows, animation advertising and the direct-to-DVD format of animated content. VFX is not a part of this segment.
- **Chroma Keying** - Chroma key is a technique for mixing two images or frames together, in which a color (or a small color range) from one image is removed (or made transparent), revealing another image behind it. This technique is also referred to as color keying, colour-separation overlay, greenscreen, and bluescreen.
- **Comics:** The term derives from the mostly humorous early work in the medium, and came to apply to that form of the medium including those far from comic. The sequential nature of the pictures, and the predominance of pictures over words, distinguishes comics from picture books. Comics are combination of cartoon with a story line, laid out in a series of pictorial panels across a page or a digital media and concerning a continuous character or set of characters, whose thoughts and dialogues are indicated by means of "balloons" containing written speech. The comic strip form can be employed to convey a variety of messages (e.g., advertisements, value education, entertainment, etc.).
- **Compositing** - Compositing is the combining of visual elements from separate sources into single images, often to create the illusion that all those elements are parts of the same scene.
- **Custom Content Development** - This segment covers the development of animation content for e-education and specialized content development. Specialized content may include animation training for medical purposes, as well as military terrain and driving simulation training. The multimedia segment covers multimedia content on the web, such as flash and other content.

- **Direct to DVD** - A film that is released direct-to-video (also known as made-for-video, straight-to video and straight-to-DVD) is one which has been released to the public on home video formats (historically VHS) before or without being released in movie theaters or broadcast on television.
- **Gaming** - Video Games are software applications that involve interaction with a user interface to generate visual feedback on a display device. Interactive games are used for entertainment, education (edutainment) and for non-entertainment applications such as serious games (games that are designed primarily to convey information or a learning experience of some sort) and simulation. The electronic systems used to play video games are known as platforms; examples of these are personal computers, video game consoles such as Playstation, Xbox and Nintendo Wii, handheld consoles such as Nintendo Gameboy Advance, Playstation Portable (PSP) and mobile devices such as mobile phones and iPhones. The Internet is also a platform for various forms of web based games.

For the purpose of clarity, gambling software applications are not a part of interactive games.

- **Game Art** - Video game art involves the use of patched or modified video games or the repurposing of existing games or game structures.
- **Key Frame Animation** - A key frame in animation and filmmaking is a drawing that defines the starting and ending points of any smooth transition. They are called "frames" because their position in time is measured in frames on a strip of film.
- **MMORPG** - Massively multiplayer online role playing games. These are role-playing games where thousands of gamers play strategy or action theme based games in a virtual and persistent end-user through the World Wide Web, by way of a Web browser or other Web-enabled software like Internet television clients, micro blogging clients and RSS readers.
- **NGN Consoles** - Next generation gaming consoles. NGN consoles are advanced console machines usually introduced at the end of a console cycle.
- **Pipeline** - In computing, a pipeline is a set of data processing elements connected in series, so that the output of one element is the input of the next one.

- **Render Farm** - A render farm is a computer cluster built to render computer generated imagery (CGI), typically for film and television visual effects, using offline batch processing.
- **Storyboarding** - Storyboards are graphic organizers such as a series of illustrations or images displayed in sequence for the purpose of pre-visualizing a motion picture, animation, motion graphic or interactive media sequence, including website interactivity.
- **Tie Ratio** – It is defined as the ratio of the installed base of consoles to the number of software sales in a market.
- **VFX** – Stands for Visual effects. It is the grouping of various processes by which imagery can be created without actually shooting for it live. It can also be used to enhance a live footage to exhibit sequences which would be impossible or not feasible to shoot live.
- **Wire Removal** - Wire removal is a visual effects technique used to remove wires in films, usually used as a safety precaution or to simulate flying in actors or miniatures.