



Phase 2 Paper 1 Questions - 2024

Essays

Q.1) Write an essay on any one of the following topics in 250-270 words (30 marks).

1. Emergency of social health loans and the role of banking in it
2. How ESG norms affect global business?
3. How organisations can nurture organisational culture?
4. "While one machine may replace five humans, can five machines ever substitute the ingenuity of one smart human?"

Precis Writing

Q.2) Write a precis based on the following article in about 140-160 words and give a suitable title. (30 marks)

The Prime Minister's vision to establish India as a prominent global gaming hub has received renewed attention as he engaged with seven of the top gamers in the country. Spending a day with them, in April 2024, he discussed the trajectory of the gaming industry and sought to understand the challenges they encounter, particularly on the nuanced distinction between skill gaming and gambling (game of chance) — it could pave the way for a more conducive and forward-looking regulatory environment. The online gaming industry forms a critical part of the Digital India vision and initiative. Some of the key takeaways from the discussion included the opportunity offered by the increasing number of games based on Indian mythology and the scope to encourage the participation of women, besides fostering innovation. The players also highlighted the issue around the perception of gaming as a career in India.

The online gaming industry in India has seen a rapid expansion of 28% CAGR between FY20 and FY23. Projections indicate further growth to ₹33,243 crore by FY28, with a sustained 15% CAGR. This sector not only attracts significant foreign and domestic investments but also generates substantial direct and indirect employment. Leveraging India's IT prowess, the industry holds natural potential for India. Notably, while the size of the global gaming industry crossed \$300 billion in 2021 — more than the combined

markets for the movie and music industry — the online gaming segment in India constitutes 1.1% of the global online gaming revenue. Thus, the potential for growth is enormous.

Not only is online gaming a multi-billion opportunity for Indian start-ups but it can also form an important part of 'India Techade' and the goal of a \$1 trillion digital economy. The sector has witnessed an array of positive developments, including the establishment of the Animation, Visual Effects, Gaming, Comic and Extended Reality taskforce by Ministry of Information and Broadcasting, the identification of the Ministry of Electronics and Information Technology as the nodal ministry, the introduction of a series of regulations through the IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, and clarification around the ambiguity concerning tax deduction at source on winnings.

All these measures have provided a sense of clarity and certainty in terms of a policy framework for all online gaming startups. This will go a long way in fostering innovation that is being powered by young Indians.

Nevertheless, there are unresolved issues that require the attention of the government to enhance regulatory clarity. Primarily, despite the provision of self-regulatory bodies within the IT Rules of 2021 intended to regulate the industry, the effective implementation of these rules is pending, thus nullifying their intended impact. In an industry driven by innovation and fast-evolving technology, the role of self-regulation is crucial. NITI Aayog's discussion paper with draft guiding principles for the online fantasy gaming sector also proposed a self-regulatory model of governance with a self-regulatory organisation at its helm.

Further, recent revisions in taxation have placed the industry, particularly startups, in a precarious position. During the Goods and Services Tax Council meeting in July 2023, the Council decided to enforce a tax rate of 28% on the total face value of bets (effective October 1, 2023) regardless of whether the activity is classified as a game of skill or chance. Before this, online gaming firms in India were subjected to an 18% GST rate since the introduction of the indirect tax system in July 2017. While this measure has resulted in an initial uptick in tax revenue for the government, it raises concerns about the industry's sustainability in the long term and its consequential impact on jobs being created in this sector.

By remedying these deficiencies, India stands at a distinctive juncture to emerge as a prominent global gaming hub. Another advantage lies in tapping India's rich cultural heritage (stories, legends, and folklore). With an increasing number of games inspired by Indian mythology, there is a unique opportunity to cater to domestic and international audiences.

Furthermore, there is a concerted effort to encourage the participation of women in the gaming industry, fostering diversity and inclusivity. As perceptions about gaming as a viable career option evolve, India stands to benefit from a growing pool of talented individuals driving innovation and pushing boundaries in the gaming landscape.

India stands at the threshold of a transformative era in the gaming industry. By fostering an enabling environment for skill gaming, promoting diversity and inclusion, and capitalising on its rich cultural narratives, India can not only realise its vision of a \$1-trillion digital economy but also shape the future of gaming on a global scale.

Reading Comprehension

Q.3) Answer the following questions in about 100-150 words each, based on the following paragraph. (40 marks)

In the evolving digital landscape, the influencer marketing industry has emerged as a vital component for brands seeking to engage with a tech-savvy audience. According to the Influencer Marketing Report 2024 (IMR), a survey involving over 100 brands and responses from 500 creators provides comprehensive insights into this dynamic industry. Influencer.in, an initiative by Social Beat, has documented the growth trends, challenges, and future prospects of influencer marketing in India. With a steady annual growth rate of 25%, influencer marketing is becoming indispensable for businesses across sectors.

The Indian influencer industry is projected to be worth INR 5,500 crores by 2024, representing 11% of the digital media industry. This growth is fueled by the rapid expansion of the creator economy, where a large community of individuals uses multiple digital platforms to engage audiences. By 2028, over 80% of brands are expected to allocate up to 30% of their marketing budgets toward influencer marketing, reflecting a paradigm shift in marketing strategies. This indicates that influencer marketing is no longer just an auxiliary component of brand outreach but an essential strategy for engaging audiences across a variety of channels.

The industry is expected to grow by 20% in 2024, with a continued annual growth rate of 25% from 2024 to 2026. Sectors like FMCG, e-commerce, and automobiles are expected to increase their influencer marketing budgets by 10%, reflecting the effectiveness of this form of engagement in reaching customers.

One of the significant shifts in the industry is the rising importance of content quality and authenticity over high follower counts. Brands are moving towards collaborating with micro and nano influencers, as these creators often offer more authentic and personalized connections with their followers. This change is driven by a growing recognition that smaller influencers can drive more engagement, create stronger brand loyalty, and present relatable content that resonates with specific niche audiences.

The IMR report identifies key trends for 2024, such as the rise of mid-tier influencers and platform dominance. Instagram continues to be the top platform for both brands and creators due to its versatility in content formats like Stories, Reels, and posts.

Additionally, while YouTube Shorts are underutilized by many brands, 75% of creators

use short-form content to drive engagement. This highlights an opportunity for brands to focus more on creating engaging short-form content, which can significantly expand their audience reach.

Instagram dominates influencer marketing, but the report highlights the untapped potential of LinkedIn, where only 4.4% of creators are active, compared to 19.5% of brands that utilize the platform. This gap presents an opportunity for brands to onboard creators who can deliver professional content tailored to LinkedIn's audience. Similarly, YouTube Shorts is another underused platform, with many creators already leveraging short-form videos, but brands lagging behind. Companies that strategically adopt these formats will likely see better engagement and reach broader audiences.

In the influencer marketing space, over 40% of brands are now spending more on influencer campaigns. However, influencers express that budget constraints often limit the scope of their partnerships. To overcome this, brands need to move beyond transactional relationships and recognize the true potential of creators. Giving influencers more creative freedom, while aligning with brand objectives, can lead to more genuine and engaging campaigns. This balance between brand alignment and creative liberty can foster long-term relationships and create stronger campaigns.

Despite its rapid growth, the influencer industry faces several challenges. For brands, one of the major hurdles is measuring return on investment (ROI). Influencer campaigns can be complex to evaluate, especially when the outcomes are more qualitative, such as brand awareness and engagement. Another issue is finding the right influencer-brand fit. Selecting influencers that align with a brand's values and audience can be difficult but is crucial for campaign success. Budget limitations also pose a significant challenge for brands looking to invest in high-quality influencer partnerships.

On the creator side, building a loyal audience remains one of the primary difficulties. In a crowded market, standing out and retaining followers requires continuous effort and innovation. Fair compensation is another issue, as many influencers feel underpaid for the content they produce and the value they bring to brands. Additionally, creators often express frustration over limited creative freedom, feeling that strict brand guidelines sometimes stifle their unique voice.

As the influencer industry grows, the use of data analytics becomes even more essential. Analytics tools allow brands to create well-rounded pre-launch and post-launch strategies. These tools help in selecting influencers based on important metrics like location, age, gender, and engagement rates, which ensures that brands target the right audience within their budget. Furthermore, real-time tracking of campaign performance helps brands optimize their efforts and maximize ROI.

Looking forward, the influencer industry is set to become even more integral to marketing strategies. As the use of short-form content, like Instagram Reels and YouTube Shorts, continues to rise, brands must adapt their content strategies to stay relevant. Moreover, platforms like LinkedIn offer new opportunities for professional

creators who can deliver content tailored to a business audience. Brands that recognize and invest in these trends will likely lead the industry in terms of engagement and reach. In conclusion, the influencer marketing industry is experiencing robust growth, driven by the expanding creator economy and the increasing importance of digital engagement. With significant projected increases in marketing budgets, and an emphasis on authentic, high-quality content, brands and influencers have ample opportunities to collaborate and innovate. By overcoming challenges such as budget constraints and establishing better brand-influencer alignment, the industry is poised for continued success in the years to come.

Questions

1. What factors are driving the significant growth of the influencer industry in India, as highlighted in the passage?
2. How are brands and creators adapting to new platform preferences and content formats in influencer marketing?
3. What challenges do both brands and creators face in influencer marketing, according to the passage?
4. Discuss the role of analytics in influencer marketing and its significance for brands, as per the passage.
5. What are the projected trends and future opportunities in the influencer marketing industry, as discussed in the passage?