



Research Paper

# The Indian OTT Market: A Study of Economic Expansion

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**Abstract:**

The Over-the-Top (OTT) industry in India is experiencing a period of rapid expansion, primarily attributed to advancements in technology and the proliferation of diverse content offerings. These platforms, providing online video and show content via satellite, offer consumers unparalleled flexibility and convenience. The resulting surge in popularity has led to consistent and significant annual growth, with a continuously expanding market size. This trajectory indicates that the OTT sector is poised to become one of India's leading industries in the coming years.

**Keywords:** OTT platform, OTT industry, media and entertainment industry, digital platform, advertising revenue, consumer demand

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## I. Introduction:

India's media and entertainment sector is experiencing a dynamic resurgence, particularly in recent years, fuelled by the convergence of traditional and digital entertainment. The widespread availability of robust internet connectivity has been a pivotal catalyst for this growth. According to the India Brand Equity Foundation (IBEF) Report (2023), the industry's significant expansion is driven by escalating consumer demand and increased advertising revenue, among other contributing factors. This transformation reflects a broader shift from traditional entertainment formats to modern, digitally-driven platforms. Today, the entertainment landscape encompasses radio, cinema, print, and a burgeoning digital sphere, with Over-the-Top (OTT) services emerging as a dominant force. The surge in online video consumption and OTT platforms has redefined entertainment consumption in India. Offering a diverse array of content, including movies and shows, directly to consumers via satellite television, OTT platforms provide unparalleled flexibility, convenience, and accessibility. Advanced technologies have further propelled the seamless growth of these services. This research article examines the key trends shaping the Indian OTT industry and analyzes the factors driving its remarkable rise.

## II. Objectives of the Study:

- 2.1 To analyze the growth trajectory of the OTT industry's market size in India.
- 2.2 To assess the increasing revenue generation of OTT platforms in India.
- 2.3 To evaluate the economic growth potential of the OTT industry in the Indian market.

## III. Research Question:

- 3.1 What are the primary drivers of the rapid economic growth observed in the Indian OTT industry?
- 3.2 How has the market size of the Indian OTT industry evolved over the past five years, and what are the projections for future growth?
- 3.3 What are the key competitive factors that influence market share and profitability among OTT platforms in India?

#### **IV. Review of Literature:**

The Indian Over-the-Top (OTT) industry has experienced rapid growth in recent years. However, comprehensive academic research focusing on its economic aspects remains limited. Existing studies and reports provide valuable insights into various facets of the industry. Haritha and Vijaykumari (2021) characterize OTT platforms as a revolutionary force in the entertainment sector. Jain Kaneenika (2021) analyzed the shifting consumer preferences within the Indian OTT market. Several studies, including Sontakke Kshamali (2021) and Kiran and Ajaykumar (2022), have highlighted the accelerated growth of OTT platforms during the COVID-19 pandemic lockdowns. The India Brand Equity Foundation (IBEF) Report (2023) offers a broad overview of India's media and entertainment industry, encompassing both traditional and modern platforms. Despite these contributions, a significant research gap exists regarding the analysis of the OTT industry's market size and consumer growth trends. This study aims to address this gap by examining the market size, consumer growth trends, and key drivers contributing to the rise of OTT platforms in India.

#### **V. Methods:**

This study examines the economic rise of OTT platforms in India using secondary data. The research draws upon a selection of published articles, academic journals, industry reports, and data websites relevant to the topic. Specifically, reports from the India Brand Equity Foundation (IBEF) and the Federation of Indian Chambers of Commerce & Industry (FICCI) provide valuable insights into the OTT platform and entertainment industry landscape. The primary objective of this research is to analyze the economic growth patterns of the Indian OTT industry, focusing on revenue, audience expansion, and the evolution of service providers.

#### **VI. Results:**

The accessibility of OTT platforms via the internet, supplementing traditional transmission methods like satellite television, cable, and broadcast, has been a key factor in their rapid adoption. Notably, mobile phone access has further broadened their reach. The surge in popularity of OTT content is directly attributable to its diverse genre offerings and unique features. Specifically, the ease of access, personalized content curation, and inherent flexibility and convenience of OTT services have resonated strongly with Indian consumers. This has significantly contributed to the platform's economic growth in recent years. The industry's continuous development of varied content, coupled with strong consumer acceptance, indicates substantial economic growth potential. Indian consumers have demonstrably embraced OTT platforms as a primary mode of entertainment."

OTT service providers offer subscription-based access to content through websites on personal computers, smart televisions, and dedicated mobile applications. The vast array of content available, coupled with the platform's extensive user base, has positioned OTT as a transformative force in the entertainment industry. Services include video-on-demand, encompassing recent films, web series, short films, documentaries, live TV shows, music, sports events, and other diverse entertainment options. Consumers enjoy personalized access based on their preferences and schedules. The growing popularity of OTT has spurred an increase in the number of service providers, with major players including Amazon Prime Video, Netflix, Disney+ Hotstar, Sony LIV, Voot, ALTBalaji, and Zee5. These platforms are increasingly producing original content, including regional language programming, further contributing to their appeal. The economic growth of the OTT sector can be assessed through the revenue generated by service providers and the expanding subscriber base."

The Indian OTT market has witnessed a significant increase in the number of service providers. According to Marketfeed.com, there are currently 46 OTT platforms operating in India, offering a diverse range of entertainment content. In 2021, the subscriber base reached 45 million, with projections indicating a rise to 50 million by the end of 2024. The market size has also experienced substantial growth, increasing from Rs. 2,590 crore in 2018 to Rs. 12,000 crore in 2023, representing an annual growth rate of 36%. This market expansion has attracted numerous service providers. The revenue growth of OTT platforms, driven by both subscription and advertising revenues, shows an upward trend, as reported by thehindubusinessline.com. Projections suggest the market size could reach Rs. 30,000 crore by 2030, exceeding previous expectations. Overall, the OTT industry in India has demonstrated strong economic growth, with significant potential for continued expansion."

The expansion of the OTT market and the rising popularity of OTT entertainment have spurred the creation of original content, providing significant opportunities for writers and content creators. According to thewire.com, the OTT market is growing at an annual rate of 20%, disrupting the mainstream cinema industry and generating vast opportunities for various professionals in the field. The COVID-19 pandemic lockdowns, coupled with increasing Smartphone usage, easy content accessibility, and affordability, have further accelerated this growth.

Statista.com reports that the OTT industry currently accounts for approximately 8% of the Indian film industry's total revenue, which was Rs. 172,000 crore in 2022. However, the OTT sector possesses significant potential for further expansion and market penetration."

According to IBEF.org, India's OTT market is expanding at a rate exceeding that of other countries, positioning it as the sixth largest globally in 2023. The Indian OTT industry is projected to achieve a Compound Annual Growth Rate (CAGR) of 28.6% in the coming years. The diverse OTT landscape in India encompasses video streaming, internet advertising, video games, esports, music, radio, and podcasts, all of which are experiencing rapid growth. This indicates a revolutionary phase in the industry's development. Both consumer demand and service supply within the OTT sector are demonstrating robust growth. Major players, including Netflix, Amazon Prime Video, Disney+ Hotstar, Voot, ALTBalaji, and Zee5, are making substantial investments in original content creation."

The number of OTT users in India has experienced significant growth over the years, particularly following the COVID-19 pandemic. According to Statista.com, the total number of OTT users increased from approximately 184 million in 2018 to 351 million in 2022, representing nearly a 100% increase within four years. *Financialexpress.com* reported that the Indian OTT platform had 481 million users in 2023, with 102 million holding active paid subscriptions. The annual growth rate of the OTT audience is approximately 25%. However, a significant concentration of these users is observed in India's metropolitan areas. A large segment of the OTT audience prefers free streaming platforms like YouTube. Statista.com also indicates that OTT service providers in India are expanding their user base. In 2022, Disney+ Hotstar recorded 46 million users, Amazon Prime Video had 40 million, Netflix India had 30 million, and Sony LIV had 12 million."

The growth of the OTT audience has been substantial, with major service providers experiencing annual increases of 20-30%. Revenue from OTT and video services in India surged from \$0.49 billion in 2019 to \$1.8 billion in 2022, attracting significant investment to the platform. The OTT industry has established itself as a dominant force within the broader entertainment sector, a trend observed globally and mirrored in India. Major players such as Netflix, Amazon Prime Video, and Disney+ Hotstar have all reported increasing revenue growth. This research paper analyzes the growth of OTT services in India, focusing on demand, supply, and revenue. The analysis presented is based on economic variables, providing an economic perspective on the industry's recent expansion."

## **VII. Discussion**

The data presented reveals a compelling narrative of the Indian OTT industry's rapid ascent. The consistent annual growth of 20-30% in audience numbers across major platforms underscores the profound shift in entertainment consumption patterns. This surge, particularly pronounced after the COVID-19 pandemic, highlights the adaptability and evolving preferences of Indian consumers. The exponential increase in revenue, from \$0.49 billion in 2019 to \$1.8 billion in 2022, demonstrates the industry's significant economic impact. This growth has not only attracted substantial investment but also solidified OTT's position as a dominant force within the entertainment sector, both domestically and globally.

The observed concentration of OTT users in metropolitan areas suggests a digital divide that warrants attention. While the industry is experiencing widespread growth, ensuring equitable access and affordability across diverse demographics remains a crucial challenge. Furthermore, the popularity of free streaming platforms like YouTube indicates a significant segment of the audience remains price-sensitive, highlighting the need for diverse pricing models. The substantial investments in original content by platforms like Netflix, Amazon Prime Video, and Disney+ Hotstar reflect a strategic focus on content differentiation and audience engagement. This emphasis on localized and original content is likely to be a key driver of future growth, particularly in tapping into the diverse linguistic and cultural landscape of India. The findings of this study have implications for various stakeholders, including OTT service providers, content creators, advertisers, and policymakers. Service providers need to focus on content diversification, pricing strategies, and infrastructure development to sustain growth. Content creators have significant opportunities to produce original and regional content. Advertisers can leverage the growing OTT audience for targeted campaigns. Policymakers should focus on creating a regulatory environment that fosters innovation while addressing issues like digital divide and content piracy. In conclusion, the Indian OTT industry is experiencing a transformative phase, characterized by rapid growth, evolving consumer preferences, and substantial economic impact. The findings of this study provide a foundation for further research into the long-term sustainability and future trajectory of this dynamic sector.

## **VIII. Conclusion:**

OTT platforms have rapidly gained familiarity among Indian consumers, representing a novel form of internet-delivered entertainment. Accessible via various digital devices, including smartphones, smart TVs, and computers, the demand for OTT services has spurred a corresponding increase in content supply. Both demand and supply sides of the industry have demonstrated robust activity and efficiency. The COVID-19 pandemic lockdowns significantly accelerated the adoption of OTT platforms. Easy accessibility and affordability further contributed to their widespread acceptance among Indian consumers. The substantial revenue growth and

dramatic increase in subscriber numbers have propelled the industry's expansion. The attractive profit margins and high Compound Annual Growth Rate (CAGR) have positioned the OTT sector as a leading industry in India. These combined factors have driven the significant economic rise of OTT platforms in the country.

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