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Prospect of sports industry across India: an analysis

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Abstract

Indian sports industry has an impressive growth prospect even if its fundamentals are not solid. The professional sports managers can only bring a solid foundation to India's sports industry. Boosted by initiatives such as professional leagues of developed sports, commercialization of underdeveloped sports, professionalization of heritage sports and increased corporate sector investments, sports industry expects a faster growth in shorter time frame. At 15%, the Indian sports industry is one of the fastest-growing industries in the world. One of the major factors in the steep growth of the sports industry is due to the rising consumption of sports content. The rising viewership directly influences many markets, including sports advertising, sponsorship, and CSR spend, amongst others.

Keywords: Sports; India; Indian sports industry, sports equipment, sports market

Introduction

Sports is probably one of the greatest instruments of social cohesion in today's conflict-stricken world. It has grown from being just an activity for leisure to an activity that is treated as an industry and like all industries, there are innumerable issues that crop up day in and day out. All effort needs to be made to get the latest sports equipment for training and competition, by importing raw material and equipment, and by encouraging indigenous sports goods industry. Every effort should be made to promote the sports goods industry in the country so that it is able to produce and make available equipment of internationally accepted standards at reasonable cost for use in sports. Until such time able to do so, equipment of appropriate international standards should be made available for sports competitions, requiring such equipment, by importing it free of customs duty. Clubs and Industrial Undertakings will be enlisted in the creation, utilization and proper maintenance of the Sports infrastructure.

Globally, sports is one of the largest industries. In India, it is in the path to become one. The market size of the sports industry across India was over 77 billion Indian rupees in 2018. The majority of the media consumption in the sports industry is carried out by the Indian Premier League. Recently however, other domestic leagues like Pro Kabaddi and the Indian Super League have increased in popularity [1]. Sports Industry still means any sponsor, corporate entity, legal person, broadcaster, or any other individual or entity involved in promoting, developing, and/or investing, either directly or indirectly, in sports-related activities in India.

Analysis

Sport is regarded as one of the largest industries globally in terms of employment and revenue. The Business of Sports is a multi-billion-dollar global industry propelled by enormous consumer demand. The sports business means many different things to different people. This is a truly global industry, and sports stir up deep passion within spectators and players alike in countries around the world.

But in past, it was just a loss-making affair in India. Now, sport is going to be the next big industry in India. In developed countries, sports contribute around 2 to 4 percentage of total employment. It includes a variety of career profiles such as athletes, coaches, trainers, event managers, public relation officers, Coordinator of sport organizations, Marketing Consultant, Program and Facility Manager, Professional Sport Promoter, Sport equipment and product sales, Sport Event Planner and Manager and Sport Sponsorship Specialist.

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Today, sport's contribution to India's total employment is just .05%. The great initiatives such as Indian Premier League (Cricket), Hockey India League, Indian Badminton League, Prokabadi, Indian Super League (Football) and professionalization of Heritage sports events such as Goti, Gilli Danda, Lagori, Kilithatt, Gatta Gusthi are changing the old face of Indian sports. Once, we believed that only cricket would succeed in India. But the above-mentioned initiatives have shown Indians, a world of sports beyond cricket. These initiatives prove that sports have a future in India as a business.

The growth and development of the Indian sport industry is creating opportunities for management professionals in a wide variety of settings. Boosted by initiatives such as professional leagues of developed sports, commercialization of underdeveloped sports, professionalization of heritage sports and increased corporate sector investments, sports industry expects a faster growth in shorter time frame. It has the potential to overtake IT and related industries before 2020 in every aspect.

The job opportunities above mentioned initiatives created and going to create are enormous. New sports initiatives require professional human capital to speed up its growth. But in India, availability of professional sports managers is less or minimal. Government of India takes initiatives to make India a sports superpower. It will not be realized without professional sports managers. Indian sports industry has an impressive growth prospect even if its fundamentals are not solid. The professional sports managers can only bring a solid foundation to India's sports industry.

Sports Goods Industry in India Today

The sports goods industry in India is nearly a century old and has flourished due to the skills of its workforce. Being labour-intensive in nature, the industry provides employment to more than 500,000 people. The nucleus of this industry in India is in and around the states of Punjab and Uttar Pradesh. Jalandhar in the state of Punjab and Meerut in the state of Uttar Pradesh account for nearly 75 per cent of total production. Together, the two towns house more than 3,000 manufacturing units and 130 exporters. The Indian sports goods industry also has a presence in the cities of Mumbai, Kolkata and Chennai, albeit at a lower scale.

Growth of Sports Oriented Export Industry

India's share of the global sports goods export market is expected to grow manifold, with the country establishing the credibility of its goods in the international market. Indian sporting goods are well known around the world and have made a mark in the global sports goods market. The industry exports nearly 60 per cent of its total output to sports-loving people the world over. The sports goods market in India was valued at US\$ 2 billion in 2012-13. The market is growing as 35-40 per cent a year and is expected to reach US\$ 3.6 billion by 2015. The growth is expected on account of increasing awareness about health and fitness in the country. India exported sports goods worth around US\$ 256 million in 2013-14 as compared to US\$ 214.95 million in 2012-13 and registering a growth of about 19 per cent. The major items to be exported during 2013-14 includes inflatable balls, cricket bats general exercise equipments, sports nets and protective equipment for cricket.

The most interesting factor is that the land of Sports Engineering, United Kingdom is the major importer of Indian sports goods. It shows India's ability to grow as a sporting

superpower. Kerala is a major sporting state of India. But the sports industry is not yet developed in Kerala. We have a great prospect in sport industry due to various factors like sports loving people, highly educated workforce, and availability of basic infrastructures like electricity and raw materials and scope of MSEs. If Kerala government can support sports industry like IT sector, Kerala can compete with Jalandhar and Meerut in a big way. Moreover, the opportunities in sports never restrict to sports goods manufacturing^[2].

In sum, India's sports goods industry is nearly a century old and has flourished, driven by a skilled workforce. Being labour-intensive in nature, the industry provides employment to more than 500,000 people. India's sporting goods are popular around the world and have made a mark in the global sports goods market. The domestic industry export nearly 60 per cent of its total output. Total toys, games, and sports requisites export stood at US\$ 417.43 million in FY19 and reached US\$ 356.05 million in FY20 (till January 2020). Top ten destinations for export of sports goods in FY19 were US, UAE, UK, Australia, Germany, Netherlands, France, South Africa, Sweden, and Canada. Major exported items were inflatable balls and accessories, nets, general exercise equipment, boxing equipment, toys and games, protective equipment, cricket equipment, sportswear, carrom boards and hammock. Indian sports products have been exported for global events. India has emerged as the leading international sourcing destination for inflatable balls and other sports goods for international brands such as Mitre, Lotto, Umbro and Wilson. The Sports Goods Export Promotion Council (SGEPC) promotes the export of sports goods and toys from India. SGEPC represents the leading 200 manufacturers and exporters of sports goods and toys in India^[3].

Contemporary position of sports industry in India

India's sports industry witnessed a dramatic jump in the last decade. Gone are the days when sports in India was equivalent to cricket. Today, other sports like football, kabaddi, and badminton, among others, are rewriting the growth of the sports industry in India. At 15%, the Indian sports industry is one of the fastest-growing industries in the world, according to Data POWA. This is a considerable increment over the global average of 5%. Moreover, the revenue from sports advertising has risen from \$ 1 billion to ₹ 8,000 crores in 2020, according to JSW Sports CEO Mustafa Ghouse.

One of the major factors in the steep growth of the sports industry is due to the rising consumption of sports content. The rising viewership directly influences many markets, including sports advertising, sponsorship, and CSR, spend amongst others. The elevated sports following also brings about an upturn in the sales of merchandise and sports equipment, thus impacting every domain, right from sports manufacturing to retail. The boom in viewership is the resultant of the following factors:

- The "Jio effect" which led to cheapening of data from at least ₹ 250/GB to as low as ₹ 15/GB; According to Statista, India today has about 564.5 million internet users, up from 260 million in 2015 before Jio entered (and disrupted) the Telecom business.
- A booming economy and the rise in spending power of the middle-class;
- The penetration of smart-phones in India's tier-II and tier-III cities. India overtook the United States as the world's second-largest smartphone market in 2019,

according to Counterpoint's Market Monitor service;

- The rise of online streaming platforms like Hotstar and Sony Liv (the 2019 IPL final between Mumbai Indians and Chennai Super Kings was concurrently watched on Hotstar by a record 18.6 million users, up from the previous record of 12.7 million);
- The rise of other fan engagement platforms like Dream11 and MPL.

However, these factors would not have been impactful without the ultimate gamechanger – the Indian Premier League (IPL). Gamechanger, because it did not just take cricket following in India to a whole new level, it brought a revolution in other sports as well.

In 2007 something special happened. A dozen of India's most high-profile personalities assembled to discuss a financially attractive proposition: bank on the country's never-ending thirst of cricket action and glamorise it with a toss of Bollywood action. The idea was to have a private, 8-team league affair where the best of the world talent rub shoulders with domestic stars. Little did they know that this league they were discussing would turn out to be a multi-billion-dollar entity only a decade later. The numbers are baffling here. 1.02+ billion impressions. \$2.55 billion in broadcasting deals. A brand worth over \$6.3 billion (according to Duff & Phelps). That is what IPL was all about in 2019.

The so-called "IPL-model" was further replicated to other sports such as football, kabaddi, hockey, volleyball, and badminton among others, seems to have done wonders. For some sports like football, the private league formula has helped in improving the overall viewership count; in others like Kabaddi and Volleyball, it has breathed in a new lease of life. Pro Kabaddi League raked in a record 1.2 billion impressions, Premier Badminton League (PBL) also reached 200 million TV units in its 2018-19 season, while the 2019-20 season of the Indian Super League also got off to an impressive start with a record 34 million viewers tuning in to the opening match between ATK and Kerala (all stats by BARC). Pro Volleyball League (PVL) is the surprise package of 2019. In the first week of its opening season itself, the league garnered 14.3 million viewers. It, therefore, won't be wrong to say that the private league, or the "IPL model", has caught the imagination of the Indian audience. These leagues play an extremely crucial part in the sports ecosystem since they bring in fans, sponsors and as a result, money.

The total advertising expenditure (or adex) for India increased by approximately 15 per cent and climbed up to ₹ 72,169 crores in 2019, according to Zenith Global Advertising Expenditure Forecast. Furthermore, according to IFSG, 2 out of 3 sports fans in India were aware of fantasy gaming platforms in 2019. An estimated 100 million were reported to join one or more of the platforms/apps in 2019. Moreover, the media investments were the largest contributors to the pie (55%), followed closely by ground sponsorship. Furthermore, sponsorship of non-cricketing sports heightened in 2017. India's second most followed-sport, both by participation and attendance, football grew by a significant 64 %. The ad expenditure graph has been showing a steady and positive trajectory despite the demonetization and its after-effects. All the major Indian sporting leagues were successful in bringing in sponsors. Also, if a report by Your story is to be believed, nearly 3/4th of the market is dominated by online and mobile gaming platforms. According to Google, online gaming, as a segment, is touted to breach the \$1.1 billion mark by 2021.

Apart from advertisement and sponsorship, fantasy sports also witnessed a huge rise last year. This new domain has led to a

significant digital sports engagement. Moreover, association with fantasy sports has also led to an increase in the viewership of non-cricketing sports such as Kabaddi. According to Indian Federation of Sports Gaming (IFSG) and AC Nielsen, the number of fantasy sports users stood at 20 million last year, a number estimated to rise over 100 million by 2020^[4].

Conclusion

Simon Rottenburg, in his seminal work on professional sports, analyzed sports in terms of the same paradigms that are applicable to any other economic activity and came to some brilliant conclusions. He defined the sporting competition as a joint product and a collective effort of several factors. He said that no single sporting team or player could offer an interesting and independent product of value in sports. Thus, a sporting spectacle required a competitive balance and the ordinary rules applicable to a pure market had to be modified here. Even though competition was the core value that promoted sports, one needed competitive balance or equality of competitors to some degree for the success of the event. Revenue was generated by the excitement offered by teams evenly matched. Thus, the principle that public interest is best served by the unrestrained free markets did not apply here. The second pillar on which the sporting world thrived was the unpredictability of outcome. These two factors defined the mechanism on which sporting industry worked.

Sports is considered as a strategic sector and development of domestic capabilities is essential from a national pride and overall development perspective. Sports sector has multiplier effect and has bearing on the growth of other industries. Sports sector is extremely crucial for the development of the country's economy. Additional benefits are channelization of youth's energy in constructive activities, increased employment opportunities across health, tourism and education domain, improvement in health of the citizens. From a mere source of entertainment and personal recreation, sports has grown into a highly competitive industry with global pervasiveness. It is one of the largest revenue generating industries in the world comprising 3% of the world trade. It has also metamorphosed into an important and inevitable political and social activity. The Beijing Olympics did more for the Chinese soft power in three months, than what diplomacy could do in three decades. The successful bidding to host an international sporting event is a unique opportunity for developing countries to showcase their progress, development and their world standing through their soft power. India hosted the Commonwealth Games, a sporting fiesta with 5000 competitors from 85 countries, more than 1.2 million spectators and an estimated 26000 crore rupees invested to make Delhi the cynosure of the sporting world. Such an event of mind-boggling proportions entails problems unique and complex related to infrastructure, licensing, sponsorship, media rights and ethical sporting practices. It is an appropriate moment to analyze the need for lucid legal provisions pertaining to sports in India.

The present situation of sports in India is better than before with the introduction of leagues for neglected sports. We are on a good path. But still, there is much to be done to produce more world class athletes and to inspire future generations to take sports as a career. Thereby the fast-growing sports industry will create more job opportunities too. India's sports industry is coming of age at last and getting the due respect that it deserves. The general audience is finally looking up to sports instead of the rhetorical daily soaps as a genuine source

of entertainment. The growth of sports industry in India has been aided by numerous key factors such as the deep penetration of cheap internet facilities further resulting in a surge of digital engagement, the rise of fantasy sports apart from the introduction of newer leagues like PKL and PVL. All these factors and many more ensure that sports in India have a bright future.

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