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SPORTS AS AN INDUSTRY HAS A HUGE IMPACT ON ECONOMIC INDICATORS LIKE EMPLOYMENT, PROFIT, MARKET SHARE: AN IN-DEPTH STUDY OF THE RISE OF SPORTS AS AN INDUSTRY IN INDIA; WITH SPECIAL REFERENCE TO CRICKET

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ABSTRACT

This study focuses on the economic linkages that arise with sports in India. It indicates that the popularity of the sport increases with increasing accolades in the international arena. The greater the number of such achievements, the higher the popularity of the sport as well as the impact on profits from the game. This in turn leads to an increase in the number of industries connected with the sport resulting in higher economic benefits like employment, savings, investment, and GDP growth.

1. Introduction

Sports is correctly called an industry where besides players, there are people who are involved in producing, facilitating, promoting, and organizing any activity, experience, or business enterprise which is related to the sport. The extent to which the sport becomes an important source of employment and a profitable venture would depend on the extent to which people are identified and committed to the sport, the team, or even the athlete.

The cult following the sport can generate strong emotions and this seems to depend upon its popularity. It can evoke the spirit of belonging, and nationalist emotions. Besides it being a national sport, popularity would depend upon the accolades that the players/sport has achieved. This could take a number of years. Once achieved, it would depend upon whether it was a flash in the pan or a method or a game plan which allowed it to move on the path of continuous success. This requires a team effort of players, support staff, organizational heads, mentors, businessmen, etc.

The most famous example is that of cricket in India. Cricket is one of our many unofficial national games. The paper attempts to understand the reasons for its immense popularity and whether this could be replicated with respect to other sports being played in India.

2. Brief History of Sports in India

Sports is not only an avenue for improving one's physical health in the form of increased cardiovascular fitness, bone health, decreased risk of obesity, improved sleep, and better coordination and balance. What is also achieved is the conditioning of the mind, mental health, and the ability to share and work as a team. This goes a long way in developing life skills and building relationships. Learning to lose is an equally important life skill that playing of a sport inculcates in an individual. Besides this, it teaches accountability, self-confidence, responsibility, and self-discipline. This is extremely important for both boys and girls as it prepares them for the world ahead.

The history of Indian sports could be traced to the Vedic age where the sports that were played were archery, horsemanship, wrestling, weightlifting, and hunting. The common thread amongst all these sports was that they were individual sports rather than team sports. The main aim was to earn status and honor and was thus performed mainly by men. Though there were women who were excellent horse riders and archers, these were few in number.

3: Cricket

It was during the British reign in India in the 18th and 19th centuries that cricket was introduced in India. This was done so as cricket was a popular game in Britain. The British administrators staying in India wanted to continue playing, and this resulted in an interest being developed amongst Indians.



Fig 1: Cricket during the 18th-19th Century (Source : Google Image)

4: Hockey

Hockey started in India in 1855 in Calcutta (now Kolkata). The reason for its immense popularity was the availability of large plots of land as playing fields and the uncomplicated nature of the equipment. The most popular hockey-playing states are Punjab, Odisha, Kerala, and Chattisgarh. In recent years, Madhya Pradesh is also turning out to be a preferred destination for hockey.



Fig 2: Hockey being played in India in 18th century (Source : Google Image)

5: Football

The history of football can be traced to pre-independent period when the British empire introduced this game as early as 1854. This game has a maximum fan following in Goa, Kerala, West Bengal, Mizoram, Manipur, and Sikkim.



Fig 3 : Football being played in India on 29th July 1911(Source: Google Image)

6: Badminton

Badminton is a recent phenomenon and has seen an unprecedented rise in popularity due to the emergence of global superstars like Saina Nehwal, PV Sindhu, Kidambi Srikanth, and others. This game was also introduced in India by the British when they ruled over India in 1857. It started in Puna (now called Pune) and was also popular in Southern India.

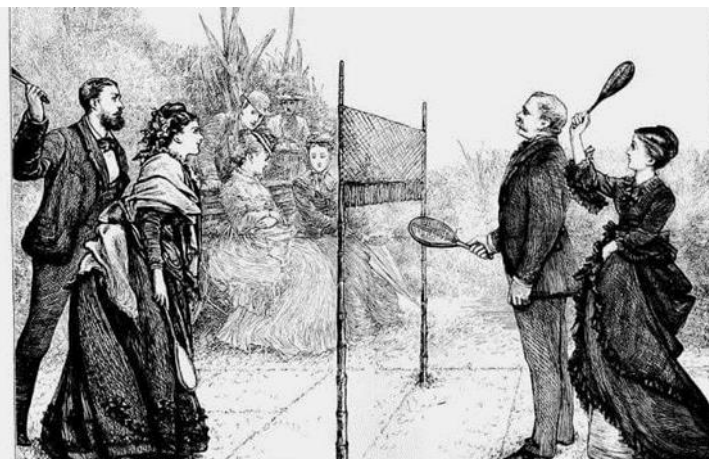


Fig 4: Badminton played in India during the 19th Century (Source : Google Image)

7. Growth of sports in India

India's improving GDP and growth in income of its citizens have led to a change in mindset towards fitness and sports. This has further led to an increase in the demand for various accessories as well as related occupations connected with that particular sport. As the economy opened up in 1991, along with the reduced time in communication with the world economy.

Interest in the sports industry has magnified. Increased globalization and liberalisation have not only impacted the industrial and the services sector but has also led to the evolution over time of the sports industry. This has been propelled by enormous consumer demand and is today, a million-dollar industry.

7.1 Cricket: Cricket has been the mainstay of Indians. The British introduced this game in the early 18th century and Indian players set up cricket clubs in the 19th century. The Board of Control for Cricket in India (BCCI) was set up in 1928. The main reason why it became popular was that it was quite easy to play and interesting to watch. Cricket was a game that was popular among the provinces of the British Empire. The turning point of the game was in 1983 when the Indian National Team won the World Cup. This was further encouraged by the advent of coloured television sets in India. At this time,

Indians were in a position to afford such sets leading to watching the live telecast of the game in the comfort of their homes.

7.1.1 Administration of the game: The BCCI took it upon itself to market the game, and in a few years, cricket became a professional sport in India. The BCCI is a self-sufficient body and does not depend upon the Indian Government for funds. After 1983, Indian players became stars overnight and BCCI was able to earn a lot of money. The next main milestone year was 1993 when the BCCI sold the television rights to a private broadcaster. At this time, star cricketers like Sachin Tendulkar, and Mohd. Azharuddin and Anil Kumble made waves around the world. 1996 was a crucial year when BCCI jointly hosted the 1996 World Cup. The popularity of the game had reached even further heights by this time leading to a frenzy of brands to sponsor the Indian team resulting in the coffers of BCCI expanding. By 2000, BCCI was becoming the strongest body in the world and cricket became a career choice of Indian youth. In its rising popularity and influence, the BCCI made sure that players playing the domestic tournaments were neither deprived of money nor facilities. This made sure that a large number of young men and women were in a position to take advantage of the rising popularity and money connected to the game.

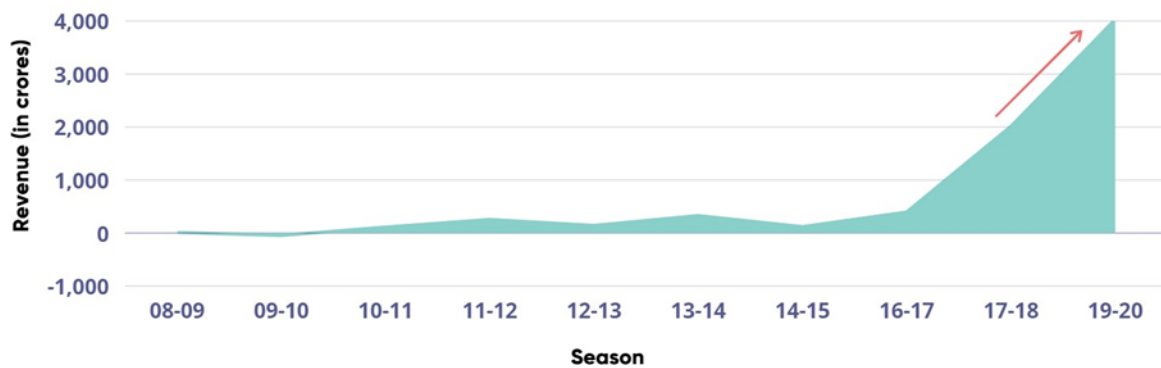
The next landmark year was 2008 with the advent of the Indian Premier League. This was a runaway hit amongst the critics and the fans alike leading to millions being earned for the BCCI and a larger number of opportunities for a larger number of youngsters.

This growth path of the BCCI has led to a higher interest by the youth for playing cricket. The larger the number of new successful tournaments being organized automatically led to greater demand for players and acted as an incentive for youth to play the game. In the process, the higher demand led to an increasing supply of players.

7.1.2 Linkages of the game: There are over a billion cricket fans in the world and 90% are Indians. This is one of the reasons that cricket is called a religion by millions in India. The BCCI which is the richest cricket body in the world added Indian Premier League (IPL) in 2008. This led to an increasing association with the entertainment industry as well as corporates. This format of the game was labelled as the "Cricketing Carnival". According to February 2022 report, the value of the IPL brand was 4.7 billion dollars. The media rights of the game make up 60% of the revenue. The brand value of Mumbai Indians (MI) had increased by 13% to become 79.5 million dollars since inception. Besides the annual auction of players, there are millions and billion dollars worth of deals that are signed between the BCCI and the sponsors, global media houses, advertisers, etc. Besides this there are business activities that take place around the game, for eg, transport, logistics, hospitality, stadium viewership, hospitality in the stadium, and radio rights, which are some of the areas where the spill-over can be seen. This does not include betting which is considered as an illegal activity in India. Certain studies have indicated that money involved in betting is almost at a parallel equivalent amount as the game itself.

The IPL has been a gamechanger in the history of Indian Cricket and has contributed massive profits to the GDP of the economy. Huge scale branding, crazy fan support, and tremendous fan following have led to a constant increase in GDP. According to a KPMG survey report, the 60-day tournament shielded INR 11.5 billion (USD 182 million). Besides the revenue, there is a massive boost to international tourism. According to a reputed travel company, Cox and Kings, the IPL led to a 30% increase in travel revenue. People from all over the world traveled to different states and cities in India during the season.

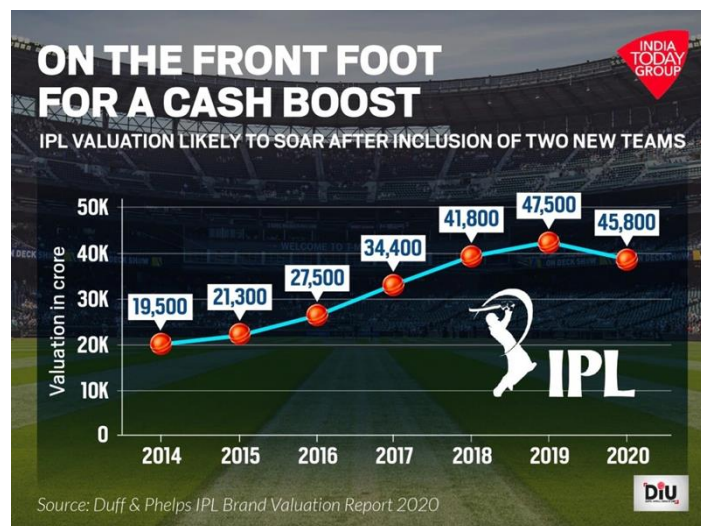
BCCI's revenue from IPL



Graph 1: BCCI's revenue from IPL (Source: credible.in)

This has also led to a large amount of employment in companies with respect to stakeholders of the franchise, sports personalities, and emerging athletes. The market for sports equipment and gadgets have also witnessed a huge increase. A lot of activities occur during the tournament as people from all over the world visit India. There are a large number of events are held along with the tournament. Several foreign tourists from Bangladesh, Australia, Canada, Sri Lanka, England, etc. arrive and make the most of the celebratory season.

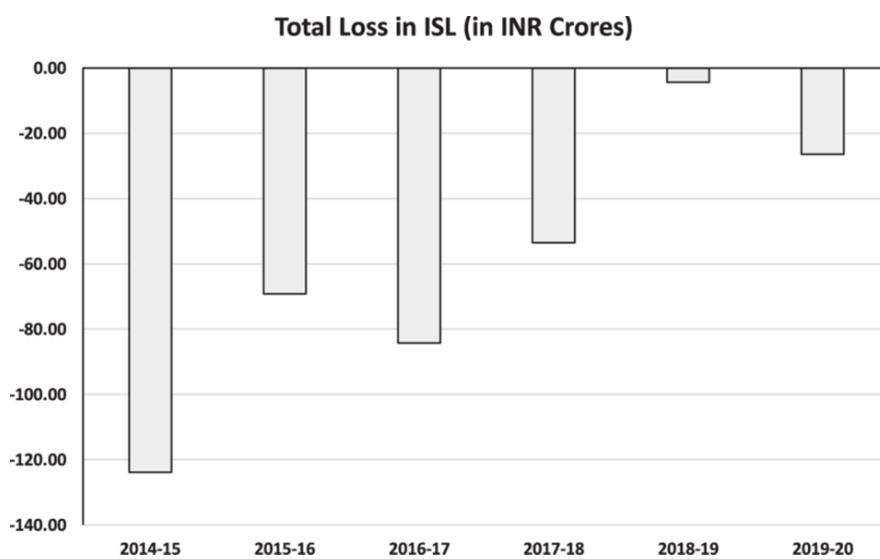
There is also an increase in the tax contribution to the government. BCCI is no longer a charitable organization and has been a major contributor to taxes. From the managing staff, the groundskeepers, players, coaches, and other related staff, the tournament has generated employment worldwide. As the tournament increases in importance, the number of clubs and coaching institutions with respect to the game, has mushroomed all over India including Tier 2 and Tier 3 cities. This not only has encouraged local talent but has also led to increasing amount of employment. If any of the locals are chosen as part of the team, it provides an encouragement to the place and the local club.



Graph 2 :IPL valuation from 2014-2020 (Source: Duff & Phelps IPL Brand Valuation Report 2020)

7.2 Football : The football industry is one of the most lucrative and competitive industries in the financial world. Indian Football clubs are not as lucrative as the cricket IPL format. Millions of Indian teenagers follow the fortunes of well-known football clubs in Europe like Manchester United, Real Madrid, etc. Their passion for the game is evident as they sleep late and wake up early but this has not led to a similar passion for football clubs in India. Goa is where football is a religion where industrialists promote football clubs but they have always indicated that investment is far more than the returns.

Most of the top Indian football clubs or Indian Super League (ISL) clubs do not break even at any point in a calendar year. According to “Valanka Alemao, CEO of Churchill Brothers, they have ensured that football has never died in spite of no returns being generated. It is due to the few sponsors like Zee, Coca Cola and Nivea that some revenue has been generated. The top football clubs in India spend about 10-15 crores rupees annually, the major part being spent on salaries of foreign and domestic players. The revenue from ticket and merchandise sales is minuscule compared to the amount spent. The contrast here vis-a-vis IPL is that the ISL does not get any money from broadcast deals. The television revenue goes directly to the All India Football Federation (AIFF), instead of the clubs. Losses had increased massively during the Covid-19 pandemic due to a lack of ticketing revenue, losing sponsorship and the additional cost of maintaining the bubble. The most valuable club in India is the Odisha FC. The issues that have to be addressed are at the governance level due to its peculiar structure and arrangement between the league, franchises, and broadcasters. This would need to be addressed at the earliest or else, would lead to stagnation and regression of the league.



Graph 3: Total loss in ISL (In INR Crores) (Source: researchgate.net)

7.3 Hockey: Hockey India plans and conducts all activities for both men and women in India. It is recognized by the Ministry of Youth Affairs and Sports. The government of India is the sole body responsible for promoting hockey in India. Field Hockey is the most successful sport for India at the Olympic Games. The Indian Men’s Team has most 13 Olympic Medals. There is no official national sport or game in India but cricket, hockey, and kabaddi are considered unofficial national sports in the country. Since the men’s hockey team has won medals at the Olympic

Games, its popularity has increased tremendously. Odisha has actively promoted the game for both men and women. As the number of tournaments won continues to increase, the popularity of the game will zoom ahead. The money earned in the form of sponsorship and broadcasting rights will enable the game to attract more youngsters to the sport. All this will depend upon the winning streak of the men's and women's hockey teams and the manner in which the sport is promoted. As the government is responsible for Hockey, care should be taken that bureaucratic interference should not act as a deterrent to the popularity of the game.

7.4 Badminton: Just like the other sports stated above, and after the success of IPL, badminton in India has also started a league known as the Premier Badminton League (PBL). This started in 2016 and in fact in 2017, it was expected to earn total revenue of 35 crores INR which would come primarily from sponsorship and gate collection. The PBL is owned by the Badminton Association of India and Sportzlive and entertainment has the rights to the event. This is one of the top badminton leagues in the world, but the pandemic has put a brake on it and one hopes that the league would come back on

the courts in 2022. The players participating in it have earned a higher salary since the league has been constituted. The chief national coach for the Indian National team, Pullela Gopichand, has taken Indian badminton to great heights. This was seen in the Thomas (men) Uber (women) Cup. In 2022, India was the winner of the Thomas Cup. This was the first time that India won the Thomas Cup, the team did extremely well, both, in the singles as well as doubles events. In the early years, it was the women who won trophies for India but the year 2022 has been extremely fruitful and encouraging for men's badminton in India.

These achievements definitely give boost to the game and would constantly help in making the game popular as well as profitable.

8. Conclusion

One can analyze that the popularity of a sport becomes the main stake of earning profits, which in turn leads to further popularity of the sports and more profits. This is a spiral that moves upwards leading to greater employment and also furthering the reach of the linkage effect of the game. This could be seen in the case of cricket which gained immense popularity after the 1983 World Cup win and has since then, been continuously on the rise. The advent of IPL further increased the popularity of the game as well as its economic benefits. Hockey has had spurts of popularity, especially when they win an Olympic medal, but as it comes under the Government of India, there are various bureaucratic impediments that could come as a break towards the popularity of the game. Football and Badminton have tried to adopt the IPL system. Football has not been able to achieve much inspite of the popularity of game at the school level. Badminton had suddenly surged as a popular sport, more so after the impressive win at the Thomas Cup in 2022. The popularity and spread of a game depend upon the money that is being ploughed back into the promotion of the sport. This has to start at a very young age, along with taking the game to Tier 2 and Tier 3 cities. Thus, one sees that winning tournaments, games and matches internationally adds to the glamour and popularity of the sport. India being a nation of 1.4 billion people, there is scope for widening the economic impact of all sports, which would lead to higher employment opportunities, increasing incomes, savings, and investment. All of this would add to higher GDP for the Indian economy, as well as bring accolades to India.

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