Chapter Four

An Anatomy of Indian Sports Industry

4.1 Introduction:

In India, sport is played and loved since ancient times. Sport in India has been epitomized as the biggest source of entertainment and maintenance of physical health since its Vedic Era. Swimming, boating, archery, hunting, wrestling, fishing, horse riding and the like underline the early years of Indian sport history. Gradually India has moved towards its sport odyssey of more diversified and modernized sport culture. Although hockey is the national sport of India and has an impressive record of winning Olympic gold medals eight times, fanaticisms for cricket and football is a very well known reality of Indian sport odyssey. The other popular sport in India are badminton, table tennis, kabaddi, chess etc.

The idealistic institution of sport can be found in the history of India. An interesting link between Indian sport history and Greece (the country of origin of the Olympics Games) dates back to 975 B.C. when both nations pioneered in the sport like chariot racing and wrestling. The historians assume that many sport like hockey, archery, wrestling, and chess were invented in India. On the other hand the archeological excavations of Harappa and Mohanjodaro along with the religious manuscripts like Puranas and Vedas are also significant testimonials of the splendid narration of Indian sport (ThisismyIndia.com 2011).

The government has set objectives to preserve sport as cultural heritage of India. Sport is so deeply woven into the fabric of our culture that diversity about it is certain. Sport is leisure; sport is entertainment; sport is business; and even it has been said that sport is religion. While for some sections of our societies, the fundamental nature of representative political participation, equal employment opportunities, and even basic human rights are often the subject of heated debate, but we can find undisputed approval to the beauty of sporting victory, the value of a gold medal, or the fascination of a new record. Therefore sport can be seen as the universal cultural property in contemporary society. Sport, nowadays has a bigger appeal than democracy, equality, entertainment and fitness. In current scenario sport is seen as tool for health creation, maintaining peace and cohesion, economic growth and
development, source of livelihood and on the top of all it has been declared as an important instrument for achieving The Millennium Development Goals by United Nations.

With the changing world, the dwellers of India have developed sport culture very fast, now every section of the society participates in sport. In India a large number of sport are played. Although India is not a major sporting country like the United Kingdom, the United States of America and Australia, it actively participate in international sporting events such as the Olympic Games, Commonwealth Games, Asian Games and Cricket World Cup. Mostly in every country certain sport have a dominant position, in India cricket is the most popular sport and the performance of the Indian team and players in international events has helped popularize this sport. In contrast, the popularity of hockey, India’s national sport, has decreased over time. These sport have huge fan following and this derives the market for sport products and services.

The present thesis is devoted to economic aspect of sport and perceives sport as an industry in India which is significantly benefitting and can be of greater advantage to Indian economy. The market of sport in India is not in its infancy but still not very organized and mature. Though sport goods industry of India is a century old and its products are well demanded in the world’s sport market, but the manufacturing and exporting of sport goods are now taking a shape of a systematic organization and still could be suggested to upgrade its technology and product from traditional to advanced appearances. On the other side the full fledged sport services sector is an emerging component of sport industry which was completely in the hands of government and voluntary sectors in earlier times. Sport used to be supplied by government and voluntary sectors for amateur and national pride reasons. The commercial sector was almost negligible in the supply market of sport.

Conversely, the contemporary sport market is dominated by commercial sector of sport which constructs for most of (both the goods and services sectors) the sport industry. Recently the introduction of leagues like Premier Hockey League (PHL), I-league, Indian Cricket League (ICL), Indian Premier League (IPL), etc. and hosting of international sporting mega events like 2010 Commonwealth Games (CWG), 2010 Hockey World Cup, 2011 first Indian Grand Prix, 2011 Cricket World Cup, have
done a complete make over of the Indian Sport Market. Therefore sport has now open to the position of a commercial component of the Indian economy along with Amateur and sporting excellence factors of socio-political component. Robinson (2008)\(^2\) in his work on ‘business of sport’, explained that sport is no more a leisure time activity only but is a serious business that competes scarce resources and uses professional management techniques. Khoshaba\(^3\) advocated the same view that amid the contemporary changes in sport, it is now perceived to be a ‘Big Business’, which creates opportunities for entertainment, manufacturing, endorsement, the media, and employment.

While India is in the vein of becoming one of the largest economies of the globe, it is also in the phase of realizing maturity in its sport culture. It is already in the form of becoming an egalitarian destination for sport related opportunities similar to highly developed nations of the world. Keeping all this in mind, the current chapter is a comprehensive study of the anatomy of Indian sport industry; it has been divided into five broad sections. The first section is of an introductory nature which incorporates precise information about Indian sport history and the present scenario. The second part discusses the main theme i.e. Indian sport industry: the structure, performance and scope. This is further segmented into two major sections that discusses the two sectors of the industry i.e. sport goods sector and sport services sector in third and fourth part of the chapter. The fifth and final segment of the chapter corresponds to the summary of the whole discussion.

4.2 The Indian Sport Industry:

Sport is a vital component of the culture we inhabit. Sport can enrich people’s quality of life, raise self-esteem and confidence level and provide enjoyment. But sport has also a much larger part to play in achieving other outcomes. It has huge potential in improving the economic vitality of local area by transforming the local environment and developing the workforce of local communities (Sport England 2007)\(^4\).

Indian sport culture is in its maturing era and can be seen to focus on the realization of the new and expanded dimensions of modernized assorted characteristics of sport. Sport in India use to be a leisure activity and only a few have decades passed when it has been recognized as a recreational activity here. In recent
years, with the consistent growth in macro economic factors the style and standard of living also improved in India. This led to the more consumer expenditure on leisure and recreational activities. It has been predicted that recreation consumption in India which includes expenditure on sport, will grow at the rate of 8.9 percent per annum from $1 billion in 2005 to $6 billion in 2025 (Mukherjee, A. and et al. 2010). The following table-4.1 and the corresponding diagram make clear the annual spending on recreational products and services. The data shows a sudden jump in spending by 2015 in India. This is reflective of the fact that sport fever is gaining momentum in India.

**Table 4.1**

**Annual spending on recreational products and services**

( Including expenditure on sport)

<table>
<thead>
<tr>
<th>Years</th>
<th>Urban (value RS. Billion)</th>
<th>Rural (value RS. Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>25</td>
<td>29</td>
</tr>
<tr>
<td>1995</td>
<td>35</td>
<td>21</td>
</tr>
<tr>
<td>2005 (E)</td>
<td>32</td>
<td>18</td>
</tr>
<tr>
<td>2015(P)</td>
<td>88</td>
<td>31</td>
</tr>
</tbody>
</table>

Source: Mukherjee, A. and et al. (2010)

Note: E: Estimated; P: Projected

**Figure 4.1 Annual spending on recreational products and services**

( Including expenditure on sport)
Starting its journey from leisurely and recreational activities sport is a dominantly recognized as a great carrier option, a big business opportunity and a significant industrial interest in India now. At present no clear estimates are available on the size of sport industry of India and further there are no guidelines towards defining the thin lines of sport sector. Therefore the current research put its endeavors in providing a tentative structure of Indian sport industry and tries to evaluate its overall economic importance on the basis of available information.

The anatomy of Indian sport industry can be better understood by dissecting it into categories. The sport industry can be broadly divided into two categories: the **sport goods sector** and the **sport services sector**. The model has been developed for this research for structuring Indian sport Industry based on some ideas taken from the earlier sport economists of developed nations like Meek, Gratton and Taylor, etc.

### Chart 4.1 A Hierarchical Model of Sport Industry in India

**Sport Goods Sector**
- Manufacturing
- Trading

**Sport Services Sector**
- Government Sector
- Voluntary sector
- Commercial Sector

**Sport Goods:**
- Export and Import, Domestic trade

**Sport Services:**
- Export and Import, Domestic trade
- Government Sector
- Voluntary sector
- Commercial Sector
- Sport Infrastructure: Sport complexes, clubs and stadiums, Training institutes, etc
- Spectator Sport: Commercial Leagues, Amateur Sport, Athletics, etc.
- Sport Media: Sport Broadcasting, Publishing, Internet, etc.
- Sport Sponsorship, etc.

**Sport:**
- Equipments, Apparels, Footwear, and other related products like toys, medicines, etc.
4.3 The Sport Goods Sector: Performance and Scope

The Indian sport goods industry is approximately a century old. The sporting goods industry of India, which used to be operated at cottage and small scale industry level has now emerged as a principal and reliable supplier of quality sport goods to the international market. It comprises both registered and unregistered units. Those who are registered under the factories act of 1948 are known as organized sector of the industry and unregistered units comes under unorganized sector of the industry. On contrast to organized sector there exists a large unorganized sector spreading across major manufacturing hubs but information on these is very inadequate. Therefore organized sector of sport goods manufacturing can be considered as a representative of the sport goods sector in India. It consists of large and medium scale enterprises. The progress in organized sector can easily be understood since a good amount of information is available for these due to their registration. Table 4.2 provides precise information about the organized sport goods sector.

Table 4.2
The Organized Sport Goods Sector of India and Its Compound Annual Growth Rates during the Study Period

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of Factories</td>
<td>136</td>
<td>115</td>
<td>142</td>
<td>-3.30%</td>
<td>4.31%</td>
</tr>
<tr>
<td>2</td>
<td>Total Persons Engaged</td>
<td>5919</td>
<td>6268</td>
<td>7241</td>
<td>1.15%</td>
<td>2.93%</td>
</tr>
<tr>
<td>4</td>
<td>Value of Output</td>
<td>34237</td>
<td>45417</td>
<td>74619</td>
<td>5.81%</td>
<td>10.44%</td>
</tr>
<tr>
<td>5</td>
<td>Fixed Capital</td>
<td>13326</td>
<td>7211</td>
<td>14799</td>
<td>15.38%</td>
<td>15.46%</td>
</tr>
</tbody>
</table>

Sources: Annual Survey of Industries (ASI).
Figure 4.2 Composition of Organized Sport Goods Sector of India
(Value RS. Lakhs and others in Numbers)

Figure 4.2.1
Percentage Growth in the Indicators during 2000-2001 to 2005-06 and 2005-06 to 2009-10
(The Organized Sport Goods Sector of India)
The figures depict clearly that there is an increase in the sector’s economic indicators consistently but rate of growth during study period is fluctuating a little; specifically during 2000-01 to 2005-06 the sector went through a bad phase but it recovered very quickly and performing well in the recent times. Further the performance of Indian sport goods sector can also be analyzed by doing a comparative analytical study of it with the all India organized manufacturing (all industries) performance during the period of study. Table 4.3 and corresponding figure 4.2.2 can serve the purpose.

### Table 4.3
The Organized Sector of India (All Industries) and Its Compound Annual Growth Rates during the study period

(Values in RS. Lakhs, Others in Numbers)

<table>
<thead>
<tr>
<th>Economic Indicators</th>
<th>All Industries</th>
<th>All Industries</th>
<th>All Industries</th>
<th>2000-01 to 2005-06</th>
<th>2005-06 to 2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Factories</td>
<td>131268</td>
<td>140160</td>
<td>158877</td>
<td>1.32%</td>
<td>2.54%</td>
</tr>
<tr>
<td>Total Persons Engaged</td>
<td>7987780</td>
<td>9111680</td>
<td>11792055</td>
<td>2.67%</td>
<td>5.30%</td>
</tr>
<tr>
<td>Value of Output</td>
<td>92690185</td>
<td>190835548</td>
<td>373303593</td>
<td>15.54%</td>
<td>14.36%</td>
</tr>
<tr>
<td>Fixed Capital</td>
<td>39960422</td>
<td>60694028</td>
<td>135218367</td>
<td>15.54%</td>
<td>17.32%</td>
</tr>
</tbody>
</table>

Source: Annual Survey of Industries
A cursory look at table numbers 4.2 and 4.3 and their corresponding diagrams clearly reveals that the growth rates of sport sector during the last few years (2005-06 to 2009-10) has been quite promising with regard to the variables like number of factories, no. of persons engaged, value of output and fixed capital. Though the growth rates with regard to these variables during the period 2000-01 to 2005-06 was not good and even it was less competitive than that at the All industries level, it has gained momentum after that. This upward shift might be due to the fact that during this period a number of mega sport events announced to be hosted by the nation such as Hockey World cup 2010, Cricket World Cup 2011, and top of these Commonwealth Games 2010 and 1st Indian Grand Prix 2011, etc. Therefore this growth can be due to the pre-games preparations. Besides this the launch of IPL in the year 2008 and its huge success which enhanced the sport fever massively in the country can be one of the major contributing factor in enhancing the growth rates of sport goods sector too. For the organized sector taken together, the growth rate for number of factories during the period 2005-06 to 2009-10 was 2.54 percent whereas the same for the sport goods sector was 4.31 percent that seems quite promising. Further, the growth in the number of persons engaged in sport goods sector was 2.93
percent as against 5.30 percent at all industries level. The value of output grew at the rate of 10.44 percent in sport goods sector and by 14.36 percent for all industries during that period. Lastly, the growth rate in fixed capital at all industries level was 17.32 percent during the same period, while the sport goods sector has confirmed a growth rate of 15.46 percent which was a quite competitive performance. Nevertheless, a comparative analysis of the overall performance between the period 2000-01 to 2005-06 and 2005-06 to 2009-10, the sport goods sector has confirmed an increase in the growth rate with regard to all the indicators despite the fact that the growth rates in these indicators for the organised industrial sector as a whole have shown a declining trend. Further, the data analysed is for organized sport goods sector only, whereas there exists a large chunk of unorganized sector of the same. Therefore, if these two (the organized and unorganized sport goods sector) are taken together, the results would be more promising to confirm a significant growth and competitiveness of sport goods sector in the nation.

On the basis of the available informations for the last decade we confirm our first hypothesis of the study that over a period of time there has been a significant increase in the sport goods sector of India.

Further, it has been found competitive as compared with the growth rate of overall organized industrial sector.

Indian sporting goods are well known around the world and have made a score in the global sport goods market. They have established their identity in many countries across the world irrespective of whether they belong to the developed or developing world. In the present study, for analytical purposes, the Indian sport goods industry has been dissected into two categories: Manufacturing and Trading units.

4.3.1 The Sport Goods Manufacturing Units:

India’s sport goods manufacturing sector is a century old. It is now spread all around the country but it is mainly concentrated in and around Jalandhar, Meerut, Delhi, Agra, Moradabad, Mumbai, Kolkata, and Chennai. Table 4.4 gives a brief idea about the manufacturing cluster that exists in India and their product groups.
### Table 4.4

**Major sport goods manufacturing clusters and their product groups**

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Cluster Name</th>
<th>Product Groups</th>
</tr>
</thead>
</table>
| 1     | Jalandhar         | • Inflatable ball  
• Boxing equipments  
• Cricket equipments  
• Sport ware  
• Track and field equipments  
• Sport training equipments  
• Hockey equipments  
• Hockey foam moulded goalie range and shipguards  
• All kind of netting |
| 2     | Meerut            | • Weight lifting equipments  
• Cricket equipments  
• Athletics equipments  
• Boxing equipments  
• Badminton accessories  
• Carrom board  
• Fitness and exercise equipments  
• Lane markers  
• Basket ball  
• Netball rings  
• TT accessories  
• Sport apparels |
| 3     | Jammu and Kashmir| • Cricket bats                                                                                                                                 |
| 4     | Delhi             | • Football  
• Carrom board  
• Chess  
• Cricket equipments  
• Billiards/Snooker/Pool tables  
• Football bladders  
• Boxing equipments  
• Sport helmets  
• Educational puzzles  
• Board games |
| 5     | Gurgaon           | • Golf equipments  
• Board games |
| 6     | Mumbai            | • Water park slides  
• Carrom board  
• Play ground equipments  
• Fitness equipments  
• Sport net  
• Sport helmets |
| 7     | Kolkata           | • Skipping rope  
• Carrom board  
• Magic tools |
| 8     | Chennai           | • Tennis Ball  
• Sport shoes and apparels |
| 9     | Bangalore         | • Bowling equipments  
• Sport medals and trophies  
• Gym and health equipments  
• Sport apparel |
| 10.   | Ludhiana          | • Bicycles, hiking and mountaineering equipments. |
| 11.   | Moradabad         | • Sport shields, trophies, cups, etc. |

Sources: National Productivity Council (India) and Mukherjee, A. and et al. (2010)
Among these areas Jalandhar and Meerut are the major producers of sport goods in India. In these two cities almost 75-80 percent of production of the country’s sport goods takes place and their export of sporting goods and equipments are worth more than Rs.200 crores (Scribd 2011). A precise detail of these two major manufacturing clusters of sport goods are as following:

**The Manufacturing Cluster of Jalandhar:**

A famous city for the sport goods industries at its heart, Jalandhar is located in the state of Punjab. “The industry was founded by Sardar Bahadur and Sardar Ganda Singh Oberoi in 1883 at Sialkot and sport equipment became the first Indian Industrial Product to be exported in 1885” (NPC 2010). The sport goods industry of India has its root in Sialkot (now in Pakistan). In 1947, when India was partitioned, many of skilled people of this industry who wanted to live in India, migrated across the border and settled in Jalandhar, Punjab. Therefore sport goods manufacturing become heart of the city’s industrial structure. Since then Jalandhar has been providing a well-built footing for the development of sport goods manufacturing in the country.

In Jalandhar three types of enterprises can be identified: Big enterprises that cater mostly to export demand besides meeting the domestic needs; small enterprises that focus primarily on domestic requirements; and the unregistered home-based units located in urban pockets of Jalandhar. These small unregistered units could found to be functioning dependently by accepting the jobs outsourced by larger units (Sathyanarayanan 2010).

Jalandhar is the largest producer of sport goods (primarily sport equipments and also sportwear, footwear, etc.) in India. The share of Jalandhar in total value of sport industry of India is approximately 65 percent. For instance in the year 2008, the manufacturing units of Jalandhar had produced roughly 25,000 to 30,000 footballs a day (Sathyanarayanan 2010). Jalandhar is a significant supplier of quality sport goods to more than 130 countries including some of the most developed nations of the world. This cluster comprised nearly 1,500 registered units providing total employment to about 1,70,000 workers, according to the Sport Goods Manufacturers and Exporters Association. On the contrary, as per a report by Christian Aid, the employment figure was around 3,00,000. The difference in these two figures could be
due to inclusion of an abundant informal, unorganized sector known as home-based units (NPC 2010)\textsuperscript{13}.

The Sport goods manufacturing cluster of Jalandhar is emergent with the changing world and trying to adopt modern technology to keep pace with the expansions. As quoted by Sport Goods Manufacturers and Exporters Association (SGMEA) The Jalandhar cluster is a unique example where, with the passage of time, new items have been added and traditional items continue to have a stronghold.

\textit{The Manufacturing Cluster of Meerut:}

After Jalandhar the sport goods manufacturing cluster flourished in Meerut, Utter Pradesh. According to the data provided by District Industry Centre (DIC) Meerut based on last census, the cluster comprised 1250 registered and 2000 unregistered big and small sport goods manufacturing units employing approximately 70,000 workers. Approximately 80 percent of the workforce belongs to Scheduled Caste community.

The cluster was found to be concentrated in and around five villages and five localities of Meerut City. Majority of the micro and small units were facing a lot of problems related to basic infrastructure facilities such as shortage of electricity, finance, raw material, technology, etc. Most of the units were using traditional methods and only 20 percent of them employed machinery. Most units were unaware of marketing methods and updated products (NPC 2010)\textsuperscript{14}. Hence the cluster faced severe competition from neighboring countries like China and Japan.

It can be concluded that infrastructure in the cluster is in very bad condition. An improvement is needed to get a better picture as the cluster exports a large quantity of sport goods to some major destinations such as Australia, South Africa, England, America, West-Indies, New Zealand, Zimbabwe, etc. Further, the use of obsolete methods in the production process is hampering the growth of the cluster. If provided with required assistance, the hidden potential of the cluster can influence the economy of sport industry of India.

Over the last few decades, the sport goods manufacturing in India has experienced an incredible growth. Now it has become a significant resource of country’s economy in terms of its immense potential in providing employment,
especially to the deprived sections, along with its growing prospects of growth. Despite poor infrastructure facilities and obsolete technique of production, the growth has come due to its unique and quality products. For instance, “inflated balls manufactured in India are largely hand-stitched and, therefore, have better bounce than the machine-stitched balls from other countries; this gives advantage to India in European markets where hand-stitched balls are preferred” (Mukherjee and et al. 2010)\textsuperscript{15}.

India’s sport goods manufacturing industry, which is centered largely in Meerut and Jalandhar, exports primarily items like football, cricket gear and athletic equipments. Both these cities together claim around 75-80 percent of the total domestic production with more than 3000 manufacturing units (scibd.com 2011)\textsuperscript{16}. The sport goods industry of Jalandhar is widely known for the production of quality sport goods in all over Asia.

India has advantage due to abandoned supply of labour and hence low cost skilled manpower. The industry is highly labour intensive; it provides employment to the weaker section of the society which is underprivileged and to semi-skilled and unskilled people too. It also employs a significant number of women work forces. Big brands of sport goods (specifically Sport apparel and sport footwear) have established their manufacturing units in India to get the benefit of low factor costs. Though the low wage rates in sport goods manufacturing sector raises some ethical and social concerns. They have not been discussed here as it could lead to proliferation of thoughts which is not the focus of this research.

In the past, India used to be the largest manufacturer of sport good in all over Asia. Since last decade countries like China and Japan have surpassed Indian sport goods manufacturing and trading sectors (Andreff 2007)\textsuperscript{17}. Although India is still one of the largest producers of sport goods in Asia, the matter of concern is why Indian manufacturers are not able to compete in the global market as before or how other’s rate of growth is higher than us? One of the possible answers should be that we are still working with traditional and obsolete techniques and meager infrastructure facilities that are not compatible to compete with the modern technology and pace of growth. If this is the scenario, one of the possible reasons behind this could be less attention by Indian government and big commercial investors towards this sector as
compared to other industries of India. As per available information sport is not use to recognize as a separate industry in our economy. Very recently ministry of commerce and industry, Government of India, has taken some steps to organize the industry since its structure is quite scattered due to which the estimates of its size and value are not available. Only during last few years after the introduction of leagues like IPL, IHL, etc and hosting of international sporting mega events, this sector gained attention from all the sides which, however, presents an approximate idea of its huge economic potential. As it is a highly labour intensive industry, it can provide wonderful employment opportunities specifically to the weaker and deprived sections of the society. Now, therefore, sport industry in India is receiving a great emphasis on its planned and structured development. A study done by National Productivity Council, Government of India, estimated the factor productivity growth in sport goods manufacturing sector. The results were good for capital productivity which increased over time, but labour and total factor productivity shown a decline after 2001-02, which is a matter of concern and it emphasizes again that the sector needs technological upgradation. Table 4.5 provides the estimates of the study.

Table 4.5
Factors productivity growth index for sport goods manufacturing sector
(Value in Percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Productivity Growth</th>
<th>Labour Productivity Growth</th>
<th>Total Factor Productivity Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>1997-98</td>
<td>-12.27</td>
<td>-33.13</td>
<td>13.02</td>
</tr>
<tr>
<td>1998-99</td>
<td>12.14</td>
<td>36.38</td>
<td>20.77</td>
</tr>
<tr>
<td>1999-00</td>
<td>6.89</td>
<td>24.54</td>
<td>16.90</td>
</tr>
<tr>
<td>2000-01</td>
<td>-54.90</td>
<td>-15.68</td>
<td>25.03</td>
</tr>
<tr>
<td>2001-02</td>
<td>21.25</td>
<td>1.50</td>
<td>3.01</td>
</tr>
<tr>
<td>2002-03</td>
<td>93.75</td>
<td>-30.29</td>
<td>-96.51</td>
</tr>
<tr>
<td>2003-04</td>
<td>3.67</td>
<td>15.12</td>
<td>39.64</td>
</tr>
<tr>
<td>2004-05</td>
<td>41.50</td>
<td>-6.05</td>
<td>-30.67</td>
</tr>
<tr>
<td>2005-06</td>
<td>38.94</td>
<td>-5.41</td>
<td>-26.97</td>
</tr>
<tr>
<td>Average for the period 1995-96 to 2000-01</td>
<td>-15.24</td>
<td>1.72</td>
<td>20.06</td>
</tr>
<tr>
<td>Average for the period 2000-01 to 2005-06</td>
<td>21.25</td>
<td>-5.03</td>
<td>-22.30</td>
</tr>
</tbody>
</table>

Source: Adapted from National Productivity Council (India)¹⁸.
The figure 4.3 clearly represents the picture of factor productivity of the sport goods manufacturing sector. The capital productivity have increased over time but labour and total factor productivity shown a decline. This is a matter of concern.

4.3.2 The Sport Goods Trade in India

Like other developing countries India is also an over populated nation with agriculture as its primary occupation. It mostly imports manufactured goods and exports primary commodities. India’s imports were continuously more than exports that put an unfavourable effect on trade balance of the economy. Therefore, ultimately trade deficit built up steadily in Indian economy. In order to rise above this deficit situation, our government initiated a liberalization of external trade as a reform measure. This reform resulted in the globalization of industries and trade which calls for diversification of exports.

Manufacturing of a product and its trade is always interdependent. We produce something due to its demand in market and we cannot trade anything unless a production source is available. As discussed before the sport goods manufacturing industry of India is very old and continuously progressing, though its rate of progress is slowing down for the last few years which is a matter of concern. Therefore, India’s
trade of sport goods must have started long back and according to available information it is quite responsive in terms of growth. For instance its export in the year 1993-94 was INR 109 crores that got almost doubled to INR 204 crores in 1997-98 with the compound growth rate of 11 percent per annum. In the year 1997-98, the domestic market for sport goods was worth of INR 170 crores, the value of imports for the same was INR 30 crores while amazingly exports have been valued at INR 204 crores (SGEPC, India)\(^1\). The exports of sport goods in India got focal attention particularly during last decade when it achieved a very impressive growth reaching to export value of 295 crores in 2000-01.

**Exports of Sport Goods:**

According to a recent data for the year 2011-12 the export of sport goods as estimated to be worth INR 998 crores, which has grown at the compounded growth rate of 32 percent over previous year. Among all sporting goods, inflatable balls and cricket bats manufactured mainly in Jalandhar and Meerut, contributed together to exports worth of INR 186.63 crores and 54.82 crores respectively. These figures has been provided by SGEPC which was confirmed by Directorate General of Commercial Intelligence and Statistics (DGCI&S); which is the final authority for export and import figures for all India and all commodities. Let’s have a look at the trends in the sport goods exports of India during last decade as provided by the same source (Table-4.6).

Table-4.6 and corresponding diagram shows a enormous increase in the value of exports of sport goods from India. During the period of 12 years, it has made a remarkable rise from a value of INR 295.22 crores in the year 2000-2001 to INR 998.27 crores in 2011-2012, providing more than three-fold increase, while the growth rate of sport goods exports can be seen to have a very fluctuating tendency, but the overall trend shows an increase as the average annual growth rate over the period comes out to be 11.59 percent. However, during the years 2006-07 and 2007-08, the period of full-fledged global financial crisis, there is a decline in the value of export can be seen. Thus we can observe that the heat of global financial crisis has also been felt deeply by the Indian sport goods industry. But very quickly it was able

\(^1\) SGEPC stands for Sport Goods Export Promotion Council of India which coordinates between the manufacturers/exporters of sport goods and the government.
Table 4.6
Trends in Annual Exports of Sport Goods and Toys of India Since 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Export value (RS. Crores)</th>
<th>Percentage Growth</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>295.22</td>
<td>1.75</td>
<td>0.15</td>
</tr>
<tr>
<td>2001-2002</td>
<td>327.65</td>
<td>10.98</td>
<td>0.16</td>
</tr>
<tr>
<td>2002-2003</td>
<td>351.38</td>
<td>7.24</td>
<td>0.14</td>
</tr>
<tr>
<td>2003-2004</td>
<td>455.48</td>
<td>29.63</td>
<td>0.16</td>
</tr>
<tr>
<td>2004-2005</td>
<td>459.60</td>
<td>0.90</td>
<td>0.12</td>
</tr>
<tr>
<td>2005-2006</td>
<td>595.87</td>
<td>29.65</td>
<td>0.13</td>
</tr>
<tr>
<td>2006-2007</td>
<td>573.54</td>
<td>-3.75</td>
<td>0.10</td>
</tr>
<tr>
<td>2007-2008</td>
<td>593.94</td>
<td>-5.86</td>
<td>0.08</td>
</tr>
<tr>
<td>2008-2009</td>
<td>660.22</td>
<td>22.28</td>
<td>0.08</td>
</tr>
<tr>
<td>2009-2010</td>
<td>668.17</td>
<td>1.20</td>
<td>0.08</td>
</tr>
<tr>
<td>2010-2011</td>
<td>757.51</td>
<td>13.37</td>
<td>0.07</td>
</tr>
<tr>
<td>2011-2012(P)</td>
<td>998.27</td>
<td>31.78</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Source: Export-Import Data Bank, Department of commerce, government of India.

to overcome the situation as in 2008-09 it has shown a tremendous growth rate of 22.28 percent against last year’s negative growth of -5.86 percent. Graph 4.4 represents the growth rate of exports of sport goods during the study period. The trend line fitted to it shows the positive linear growth pattern in exports over a period of time with a very high $R^2$ value of 0.91. On an average every year it is increasing by more than 53 crores.
One important thing that can be noticed in the figure 4.5 is that though there exists a fluctuating trend in the growth rate of exports of sport goods of India, but at the same time it cannot be ignored that the recovery after every decline came very quickly and impressively. It can also be noticed that since 2009-10 till now the growth rate is consistently increasing. Therefore, it can be concluded on the basis of discussed scenario that there lies an enormous potential in the sport goods industry of India. Once it is provided with right opportunities and better facilities it has the strength of contributing positively the total international trade and the whole economy of the country.

**Imports of Sport Goods:**

Imports are one of the great sources for accessing those goods and facilities that are not available in the home land’s geographical boundaries due to one or the other reason. In contrast excessive dependency on imports cannot be appreciated due to its unfavourable impact on balance of trade of the home nation. Imports larger than exports lead to deficits in trade balance as it causes leakages more than injections in the country’s economy. But at the same time its importance cannot be denied in the process of economic development. To analyze the state of sport goods trade and its
importance and scope in India’s total trade, it is essential to look into the import figures of this industry during last decade.

Table 4.7
Trend in Annual Imports of Sport Goods and Toys by India Since 2000

<table>
<thead>
<tr>
<th>Year</th>
<th>Import Value (RS. Crores)</th>
<th>Percentage Growth</th>
<th>Percentage Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2001</td>
<td>172.96</td>
<td>2.75</td>
<td>0.0749</td>
</tr>
<tr>
<td>2001-2002</td>
<td>180.01</td>
<td>4.07</td>
<td>0.0734</td>
</tr>
<tr>
<td>2002-2003</td>
<td>202.54</td>
<td>12.52</td>
<td>0.0681</td>
</tr>
<tr>
<td>2003-2004</td>
<td>228.70</td>
<td>12.91</td>
<td>0.0637</td>
</tr>
<tr>
<td>2004-2005</td>
<td>297.44</td>
<td>30.06</td>
<td>0.0594</td>
</tr>
<tr>
<td>2005-2006</td>
<td>505.63</td>
<td>69.99</td>
<td>0.0766</td>
</tr>
<tr>
<td>2006-2007</td>
<td>711.62</td>
<td>40.74</td>
<td>0.0847</td>
</tr>
<tr>
<td>2007-2008</td>
<td>701.67</td>
<td>-1.4</td>
<td>0.0693</td>
</tr>
<tr>
<td>2008-2009</td>
<td>987.97</td>
<td>40.8</td>
<td>0.0719</td>
</tr>
<tr>
<td>2009-2010</td>
<td>989.97</td>
<td>0.2</td>
<td>0.0726</td>
</tr>
<tr>
<td>2010-2011</td>
<td>1,497.56</td>
<td>51.27</td>
<td>0.089</td>
</tr>
<tr>
<td>2011-2012(P)</td>
<td>2,031.01</td>
<td>35.62</td>
<td>0.0866</td>
</tr>
</tbody>
</table>

Source: Export-Import Data Bank, Department of commerce, government of India.

Fig.-4.6: Import Value (INR Crores)
Table-4.7 and the corresponding figure provide an idea about the trends in the import of sport goods in India. The given figures confirm that imports during the study period have grown exponentially. A very high $R^2$ value for exponential growth confirms the growth pattern in imports. Figure 4.7 gives the trend in the annual growth rates of imports. The graph reflects that since 2007-08, the growth in imports has shown a fluctuating trend.

**Figure 4.7**

*Trends in annual Sport Goods and Toys Imports by India Since 2000*

Looking at this massive increase in imports the first thing that comes to one’s mind is whether imports surpassed exports of the industry concerned or this increase is in appropriate ratio to the increase in exports. Therefore, it would be useful to do a comparative analysis of table 4.5 and 4.6 that may change the direction of our thought process. Figure 4.8 represents the trade balance of Indian sport goods industry during 2000-2012.

A study of the trade balance, as reflected in figure 4.8, reflects that trade balance due to sport in India was positive till 2005-06 but after that due to heavy increase in imports, it has become negative. The diagrams-4.4 and 4.6, shows that exports has increased linearly while the imports has increased exponentially over the period of study. These information lead us to conclude and reject our second hypotheses that Sport goods trade induced a considerable increase in foreign exchange earnings over a period of time in India.
Further, a glance at the figure 4.8 clears our doubts about whether rising imports are appropriate or a matter of concern. Now the concern is why Indian sport goods industry, which presented a glorious picture of budding surplus till 2003-04, all of a sudden started declining? We can see the trade balance becoming gloomy, as in the successive period slowly and then rapidly the budding surplus changed into the growing burden of deficits. Some of the probable reasons behind this insurgent deficit in the foreign trade of Indian sport goods industry are as follows:

- In the year 2003-04 when India (Delhi) was selected for hosting 2010 Commonwealth Games, one of the biggest sporting events of the globe, the demand for imports of sport goods raised enormously to meet the requirements of the event. It kept on increasing during the preparation period. On top of that when we approached to the period 2010-11 (the Games period) the deficit grew even more rapidly. It can be easily figured out from the given graph that 2010-11 was the period of highest jump in the rate of growth of deficit. During games phase the deficit amount increased from INR 321.80 crores to INR 740.05 crores, an outrageous increase of 130 percent. Hence if this was the issue, the next thing that comes into the picture is why India has to depend largely upon imports for hosting such kind of mega sporting event?
During the period when India’s imports of sport goods were mounting up, the exports of the same were not able to compete with the rate of growth in imports. This incompetence of exports led to increase in foreign trade deficit and it is still going on.

The above two arguments on the basis of available data give the reasons for a sudden decline and then continuous unfavourable changes in the balance of trade of Indian sport goods industry. The arguments present a gloomy side of the picture and answers why it happened. Nevertheless, the hidden bright colours of the scenario that could change the whole milieu of the ambience are as follows:

If we look into the first situation, the problem can be seen as an opportunity. The requirements for hosting one international mega sport event led to a gigantic increase in our imports of sport products, signifies that there is a great potential market for the consumption of these items at domestic level. This provides us with an opportunity to put our strengths both financially and strategically in creating a large production source of these items at home and benefitting from its multiplier effects. For instance production of these items at home will not only lower our import burdens but also enhance the competitiveness of domestic sector, which further will raise the nation’s exports of the sector much more than before and increase its global share of sport market which is less than one percent as per the recent data available. Another economic implication will be increase in the income and employment levels. There will be multiplier effects and many more economic and social benefits could be realized to meet the requirements of the rapidly growing population of the country such as this new business opportunity with a ready market in the economy might attract large scale investment. It will also contribute in advancement of product categories of Indian sport sector which is still engaged in producing traditional items, the enhancement of strength and skills of domestic producers and labours and a better standard of living. More income leads to more consumption of other products meaning benefits will spread to other sectors too. India’s experience of hosting one of the biggest sporting events, the Commonwealth Games (that educated us about the requirements of hosting such events) and its aspiration to host world’s biggest sporting event the Olympic
Games provides a great scope for the sustainable market for such product at domestic level along with international altitude.

- For the second situation the probable answer could be as discussed earlier that the domestic manufacturers need to transform themselves from traditional to modern producers and focus on the use of better techniques of production that are compatible with the pace of global sport market’s growth rate. The Indian government’s policies should also be focused to meet the basic requirements of these sectors like infrastructure facilities, supportive policies (tax exemptions, subsidies, protection, etc.) specific to the sector along with educating these manufacturers and exporters about the modern techniques of production, sales promotion, product differentiation, quality control, etc.

**Figure 4.9**

**Indian Sport Goods and Toys Imports and Exports Rate of Growth Comparisons (2000-12)**

![Graph showing imports going down and exports rising up](image)

Figure 4.9 depicts that since the year 2009-10 the rate of growth of exports of sport goods of India surpassed the growth rate of imports. Therefore, if the previous massive increase in imports was a policy for promoting exports, then the good news for the industry is that the positive impacts can be seen in the coming periods. Table-
4.7 shows the positive approach of the sector’s exports during last five years in achieving its predetermined target and even in some years surpassing it.

Table 4.8

<table>
<thead>
<tr>
<th>Years</th>
<th>Target</th>
<th>Exports</th>
<th>% of Target Achievement</th>
<th>% Growth over Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-2012</td>
<td>695.89</td>
<td>688.68</td>
<td>99.11</td>
<td>12.73</td>
</tr>
<tr>
<td>2010-2011</td>
<td>59231</td>
<td>610.92</td>
<td>103.14</td>
<td>11.31</td>
</tr>
<tr>
<td>2009-210</td>
<td>593.04</td>
<td>548.84</td>
<td>90.25</td>
<td>(-)-06.48</td>
</tr>
<tr>
<td>2008-2009</td>
<td>597.87</td>
<td>586.89</td>
<td>98.16</td>
<td>13.02</td>
</tr>
<tr>
<td>2007-2008</td>
<td>483.13</td>
<td>519.26</td>
<td>107.48</td>
<td>2.01</td>
</tr>
</tbody>
</table>


The figures confirm the hidden potential of the sport sector of India which is able to meet its targets by more than 100 percent achievement rate. In an economy where most of the industries are not able to meet their set goals sufficiently, achieving a target at the rate of 100 or more than 100 is pretty commendable. Hence, if provided with right opportunities and investment the industry can prove to be a great source of support for the economy.

India is rapidly emerging as an important supplier of quality sport goods to the international markets. The Indian sport goods manufacturing industry exports nearly 60 percent (sporting goods industry.com 2011)\(^9\) of its total domestic output to the sport loving people all over the world and has matured into a globally competitive and creative entity. Most of India’s sport goods are in demand and exported to some of the most developed and sport loving nations of the world such as:

- United Kingdoms
- United States of America
- Germany
- France
- Australia
Exporting majorly to these highly developed nations (for details see Table 4.9-Annexure), which have most developed sport culture in the world, reveals preference for Indian sport goods by sport lovers of the globe and also indicates a ready market for Indian sport goods, if production expands.

While 60 percent of the sport goods manufactured in India are exported, the global market share of India in this sector is still barely one percent which shows that there still exists a potential space in global market for its products. The lower share of this industry is mainly due to the concentration of a major part of the Indian sport goods industry in the cottage and small scale sector. Hence there is a paucity of resources for technology upgradation and effective marketing of the products which is intensively hampering the growth of this industry in India.

A change from the traditional and low value items to a modern design of product is highly recommended. The market for traditional sporting goods is not competitive with the modern technology based goods. Therefore, the Indian sport goods manufacturing should be tuned according to the preferred tastes and preferences of the changing market. Important areas to be worked on are:

- A strategic promotion of Indian sporting goods at global level.
- Bringing awareness among the sport goods manufacturers of India about the international product quality certification, like ISO 9000, etc. its process and benefits.
- Finding out thrust areas and using product innovation strategy for competing in the global markets.
- Use of more sophisticated machinery and advanced technology for cost effective production methods.

4.4 Sport Services Industry in India:

Sport services sector is a quite new term for the academics especially in India. So it is strongly recommended to discuss again the possible definitions of sport services on the basis of available information and our understanding before coming onto the Indian sport services. Sport services can be defined as the sport related activities that cater to the requirements of sport production, consumption and distribution. According to Gratton and Taylor (2000) sport services include:
expenditure on admission to spectator sport, fees and subscriptions for participation in sport, sport-related expenditure on television and expenditure on health and fitness clubs. This could be further elaborated for better understanding by segmenting it into different categories:

- **Sport infrastructure facilities**: Sport stadiums, complexes and clubs.
- **Spectator events**: All kind of sporting events like international games and sport leagues, etc.
- **Sport media**: TV, radio, publishing and printing media like sport books, newspapers, magazines.
- **Sport sponsorship**: sport industry sponsors and non-sport industry sponsors engage their resources to promote sales of their products through sport events.
- **Others**: Sport Institutions, sport management, sport medicines, sport tourism, sport engineering, designing related to sport, sport consultancy, sport agents, etc.

Sport is an integral part of human civilization. It always had been a focal component of our societies. In earlier period sport used to be supplied completely by volunteers and government for amateur purposes. In contemporary world sport is more commercial than amateur and is therefore mainly supplied by private players of the market. Indian sport services were the entity of volunteers and government for amateur purposes. Along with the contemporary changes in the sport market, Indian sport market also experienced those changes. However, now sport is supplied by private sector in India too but it is still dominated by government sector, and as usual voluntary sector is being squeezed between these two. Here we will discuss the role of two major players, government and commercial sectors, in providing sport services in India.

In the past, the main support for Indian sport has come from public sector organizations such as the Ministry of Railways, Airlines, and the Indian Defence Services, especially after Indian Industries were nationalized in the 1960s. These organizations reserved jobs for sport persons and also provided training and other facilities. In post liberalization period, private sector participation in sport promotion, training and infrastructure has increased. The entry of private sector led to commercialization of sport in India. In recent times federations such as BCCI (Board of Control for cricket in India) have been working closely with private leagues like
IPL (Indian Premier League) for team ownership and event sponsorship, etc. (Mukherjee 2010)\textsuperscript{21}. Besides these two the voluntary sector is also a part of sport services industry but it is squeezed between the government and private sectors. The voluntary sector works for non-profit motive so economically their contribution is not very significant (though not negligible) if compared with the other two. Further, in a developing country like India where sport industry is in its nascent stage the information on the economic significance of voluntary sector is quite vague. Therefore, this sector has not been included in our study.

4.4.1 The Government Sector:

   Everywhere in the world, the role of the government is to maximize the welfare of its people. To achieve the objectives various initiatives, plans and projects are being adopted. This caters to the basic needs of the society. The role of the government is equally important on developmental issues or the promotion of a particular industry that serves as an enabler in attaining the broader social objective. Sport, which is a vital component of a country’s social and cultural framework and is an intrinsic component of education and the development of human personality, should receive similar treatment from policy makers. Gratton and Taylor (2000)\textsuperscript{22} identified that as government’s interest in an activity is induced by socio-economic and political factors, it should promote sport to achieve broader socio-political and socio-economic objectives. These objectives are inter-related and lead to a common goal of achieving the nation’s growth and development.

   In the context of sport development in India, the role of the government is to promote sport as an integral discipline and provide ample opportunities to the youth to make sport an integral part of their lifestyle. Sport and sport related agenda in India are largely driven by the centre and the states ministries known as Ministry of Youth Affairs and Sport (MOYAS), along with the IOA (Indian Olympic Association), the SAI (Sport Authority of India) and NSF (National Sport Federations) and its affiliates. These organizations work independently to develop sport production, consumption and distribution. While these organizations work together towards the common goal of development of sport in India, they were all constituted at different times and for specific objectives.
Chart 4.2
Sport Governance Structure in India

Ministry of Youth Affairs & Sport (MOYAs)

Indian Olympic Association (IOA)

State Olympic Association (SOA)

National sport federations (NSF)

State sport associations

District sport associations

Regional Centers

Sport development institutions
- Lakshmibai National College of Physical Education
- Netaji Subhash National Institute of Sport

Sport Authority of India (SAI)

District Sport Councils

Sport Council (For every state)

Nehru Yuva Kendra (NYK)

State NYK

Non-Olympic sport bodies (e.g. Board of control for cricket in India, Judo Federation of India)

Sources: Ministry of Youth Affairs & Sport (MOYAS) website, Ernst & Young analysis adapted from Trans Stadia (2010) Exhibit 3, p.10
However, despite the planning and implementation of various government initiatives, the state of sport in the country is not very satisfactory. Till 1982, sport continued to be looked at as a secondary or a residuary activity under the Ministry of Human Resource Development. It was only after India hosted the 9th Asian Games (New Delhi) in 1982 that sport as a subject of policy started receiving primary attention. The structure and working of sport governance of India can be effortlessly understood from the Chart 4.2 which represents the various sport management bodies working in Indian governance for the development of sport and figure 4.10 which shows the government’s fund allocation in different sport activities.

**Figure 4.10 Government’s Fund Allocation in Sport and Related Activities**

(in percentage)

<table>
<thead>
<tr>
<th>Category</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent identification and athlete development</td>
<td>24%</td>
</tr>
<tr>
<td>Development of coaches</td>
<td>11%</td>
</tr>
<tr>
<td>Recognition to sports persons</td>
<td>36%</td>
</tr>
<tr>
<td>Promotion of sports activities - Infrastructure</td>
<td>1%</td>
</tr>
<tr>
<td>Promotion of sports among disabled</td>
<td>23%</td>
</tr>
<tr>
<td>Assistance to educational institutions</td>
<td>1%</td>
</tr>
<tr>
<td>Organization of Commonwealth Games</td>
<td>1%</td>
</tr>
<tr>
<td>Anti-doping activities</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Source: Planning Commission of India, Ernst and Young analysis (Adapted from Trans Stadia (2010)) p.30.*

A brief description of the broad categories of the sport governance structure is as follows:

**A Ministry of Youth affairs and Sport (MOYAS):**

In the wake of the Asian games, 1982, a number of steps were taken, which included, the creation of Department of Sport under the Ministry of Human Resource Development. During the International youth Year 1985 this was expanded into a Department of Youth Affairs and Sport, and upgraded to a full-fledged Ministry of Youth Affairs and Sport in May 2000.
(A1) Sport Authority of India (SAI):

The Sport Authority of India was created as an autonomous registered society under the Department of Youth Affairs and Sport (now MOYAS) in 1984. The SAI works directly in conjunction with the MOYAS. The SAI promotes sport talents and makes available the required infrastructure, coaching, equipments and competitive exposure to sportspersons through implementing the schemes of MOYAS for sport promotion.

(B) Indian Olympic Association (IOA):

The top authority for the support and promotion of Olympic sport in India, IOA works closely with MOYAS. Besides Olympic Games it also looks after the Indian contingent’s participation at Commonwealth Games (CWG), Asian Games and South Asian Games (SAG). The IOA receives funds from the government and some other sources such as International Olympic Committee (IOC), Olympic Council of Asia (OCA), etc. The IOA is supported by NSFs and SOAs for achieving comprehensive development of sport at various levels. There are 23 SOAs and 30 NSFs (Trans Stadia 2010) currently affiliated with the IOA.

(B1) National Sport Federations (NSFs):

The NSFs go together with the IOA to supplement its efforts of developing sportspersons and athletes for participation at global, national and local levels. They also assist the IOA in the selection and training of sportspersons and athletes on one hand and provide the IOA with recommendations for the provision of funds for participation of games organized by the IOC, OCA, SAG, etc.

(B2) State Olympic Associations (SOAs):

To supplement the NSFs, SOAs exist at the state level. The primary work of these SOAs is to endorse Olympic sport and to oversee coordination among sport bodies at the state level. For assisting the work of SOAs the District Olympic Association and District Sport Association are present at district level.

Although the structure of sport governance as discussed above underlines the focus of Indian policy makers and administrators on the comprehensive development of sport services in the nation, the Indian sport can be seen at its nascent stage of
development and success. Now it is vital to find out the loop holes in this multilayered administrative and governance structure. To transform India into a sport- matured nation for reaping the benefits from this transformation is in nation’s best interest.

At the time of the formulation of our constitution sport was seen as a form of recreation and little more, on parity with entertainment and amusement. According to Comprehensive National Sport Policy (2007) there was a need for a fresh look at the constitutional provision for sport. The policy intended to implement a holistic approach to sport development and considered the multidimensional benefits of sport that can be listed as health benefits, recreational benefits, educational benefits, social benefits, economic benefits and source of national pride that it offers. The policy approach was to address the vision to make India a vibrant, leading – edge sporting nation in the world within the next decade in the conviction that promoting a nation – wide, all-embracing sport culture is not only desirable in itself but critical to securing accelerated, inclusive and sustainable growth. The said growth can come through building our stock of young human capital by equitable, balanced and wide-spread investments in sport, besides promoting national integration, national harmony and national pride through excellence in sporting achievement. Sport policy (2009) of Government of Haryana emphasized the same view by writing that sport is integral to and important for human resource development and it is also an effective way of channelizing the energy of youths for productive and meaningful purposes.

Hence the importance of sport in Indian economic policy making can be realized from the policy recommendations discussed in the preceding paragraph. Another way to express its significance in our economy can be shown with the help of following table that shows how sport has always been a part of our economic planning. Table-4.10 illustrates the inclusion of sport and related objectives and budget allocations in the five year plans of India.
## Table 4.10

**Sport under Five Year Plans of India**

<table>
<thead>
<tr>
<th>Five Year Plans</th>
<th>Year</th>
<th>Sport related objectives and achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>1951-56</td>
<td>The integration of physical education and sport with formal education</td>
</tr>
<tr>
<td>Second</td>
<td>1956-61</td>
<td>The Lakshmibai National Institute of physical education (LNIPE) at Gwalior and National Institute of sport (NIS) at Patiala were established</td>
</tr>
<tr>
<td>Third</td>
<td>1961-66</td>
<td>The National Coaching Scheme and the Rural Sport Programme were started and followed in the fourth and fifth plans</td>
</tr>
<tr>
<td>Fourth</td>
<td>1969-74</td>
<td>Allocations for physical education, games and sport were increased, and it continued with the schemes of third five year plan</td>
</tr>
<tr>
<td>Fifth</td>
<td>1974-79</td>
<td>This plan witnessed the expansion of coaching facilities</td>
</tr>
<tr>
<td>Sixth</td>
<td>1980-85</td>
<td>Talent spotting and nurturing was emphasized</td>
</tr>
<tr>
<td>Seventh</td>
<td>1985-90</td>
<td>Focused on creation of sport infrastructure</td>
</tr>
<tr>
<td>Eighth</td>
<td>1992-97</td>
<td>The thrust was on the development of Rural Sport through a special Area Game Approach</td>
</tr>
<tr>
<td>Ninth</td>
<td>1997-02</td>
<td>Emphasized the need for modern sport infrastructure.</td>
</tr>
<tr>
<td>Tenth</td>
<td>2002-07</td>
<td>Sought to promote both the broad-basing of sport and the promotion of excellence in sport</td>
</tr>
<tr>
<td>Eleventh</td>
<td>2007-12</td>
<td>Emphasized the Implementation of a holistic approach to sport development and considered the diversified aspects of sport such as health and recreation, social and economic, education and excellence</td>
</tr>
<tr>
<td>Twelfth (commenced from 1st April 2012)</td>
<td>2012-17</td>
<td>One of the initiatives is to build an Indian Institute of Sport (IIS) along the lines of the prestigious as IIM and IIT to provide holistic education including sport medicine, coaching and sport sciences. Several new proposals such as mass participation, Coaching and infrastructure upgradation, etc</td>
</tr>
</tbody>
</table>

Source: *Planning Commission, Government of India.*
Unfortunately, these high and ambitious objectives (table 4.10)\(^2\) could not be realized in significant measure due to vague demarcation of roles and responsibilities of the different agencies involved that reduced accountability and transparency in their procedures. One of the reasons behind these underachievements is that despite the fact that sport sector was not ignored during the initial five year plans; it got primary focus only after fifth five year plan period. Other key issues that are contaminating the performance of sport governance of India can be recognized as absence of professional management in our sport governance structure, lack of efforts by the government to encourage participation of the corporate sector to enhance funding for sport services, the allocation on sport by the government being a meager percentage of total budget, absence of long-term strategies for the development of Indian sport, no sufficient relation between sport and nation’s formal education system and the existence of regional disparities in the development of sport facilities due to absence of coherence between centre and state. Nevertheless, despite all these existing facts the table4.8 successfully establishes our intention of putting forward the inclusion of sport in Indian economic policy and its recognition as multidimensional and a significant component of nation’s development. Therefore, the significant role of sport as nation’s development indicator demands reorganization of the sport governance in India to obtain a collective vision in achieving its goals. A comparison among the sport governance structure of sport matured nations like USA, UK, Australia and sport maturing countries China and India can serve as an efficient tool in recognizing the thrust areas for India to be worked on.

\(^2\) The statement has been made for Plan 1st to 10th only as 11th plan is assumed to be in the phase of assessment (as per the information available) and 12th plan is in its infancy.
<table>
<thead>
<tr>
<th>Sport governance structure</th>
<th>US</th>
<th>UK</th>
<th>Australia</th>
<th>China</th>
<th>India</th>
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<tbody>
<tr>
<td>• No government body is responsible for overseeing the development of sport in the country.</td>
<td>• The department for Culture, Media and Sport is the government agency overseeing the development of sport in liaison with other agencies.</td>
<td>• The ASC is the governing body responsible for distributing funds and providing strategic guidance for sporting activity in Australia.</td>
<td>• State General Administration of Sport is the government agency responsible for sport development in China.</td>
<td>• The Gol constituted the MOYAS to develop sport in India.</td>
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<tr>
<td>• Two agencies are primarily responsible for developing sport in the US – the USOC and NGBs.</td>
<td>• The UK has a complex sport governance structure involving multiple bodies such as the Sport Council, NGBs, the British Olympic Association, UK Sport and schools/colleges at the local level. However, the roles of each of these bodies are clearly articulated.</td>
<td>• The ASC implements the Australian sport policy primarily through three divisions – the Australian Institute of Sport, community Sport and Sport Performance and Development. These divisions coordinate with other agencies such as NSO, Australian Olympic Association and the State Government.</td>
<td>• There are 176 national sport associations, provincial or municipal sport federations and sport associations in China.</td>
<td>• A number of other agencies have been constituted at the national level to develop sport. These include the IOA, the SAI and national federations.</td>
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<tr>
<td>• A total of 70 NGBs for individual sport work in coordination with the USOC for Olympic player selection and training.</td>
<td>• NGBs perform a range of activities to promote their sport by broadening participation, expanding public support and encouraging the construction of quality facilities and so forth.</td>
<td>• UK Sport is the central agency responsible for directing the development of sport and disbursing government funding within the home countries. The Department of Culture, Media and Sport funds UK Sport.</td>
<td>• At the provincial level, 23 social sport guidance centers have been set up. There are around 210.00 urban or rural sport guidance stations, or fitness training stations, and 3,092 sport clubs for the youth in China.</td>
<td>• A number of bodies at the state and district levels are affiliated to these national bodies to develop sport at the grass root level.</td>
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<tr>
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<table>
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<tr>
<th>Funding</th>
<th>US</th>
<th>UK</th>
<th>Australia</th>
<th>China</th>
<th>India</th>
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<tbody>
<tr>
<td>• The USOC receives no continuous federal subsidy. Instead, it relies largely on corporate and individual funding. Income is generated through donations, sponsorship,</td>
<td>• A large percentage of funding in UK is commercially generated. However, this is limited to a few popular sport, while others are dependent on public funding.</td>
<td>• The ASC receives funds from the government and also generates revenue from corporate sources such as sponsorship.</td>
<td>• Funding for the development of elite sport is directly funded by the government and proceeds from National Lottery sales.</td>
<td>• The IOA, the SAI and national federations receive government funding under various schemes to develop infrastructure, talent</td>
<td></td>
</tr>
<tr>
<td>• A large percentage of funding in UK is commercially generated. However, this is limited to a few popular sport, while others are dependent on public funding.</td>
<td></td>
<td>• The sport entertainment</td>
<td></td>
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licensing fees and so forth.  
- NGBs also raise funds through the above mentioned sources for the development of sport facilities.
- UK Sport is the UK government’s organization responsible for disbursing government funding and serving as the statutory distributor of National Lottery grants.
- business plays a leading role in the sport industry, stimulating the development of related industries, such as sport sponsorship, TV relay, sport media, sport advertising and the sport lottery.
- Corporate funding in the form of sponsorships and talent development are restricted to a few popular sport such as cricket and tennis.

<table>
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<th>Others</th>
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<tr>
<td>The link between sport and the education system in the US is robust, with a strong association at the secondary and tertiary level.</td>
<td>The World Class Performance Program supports athlete training and talent identification for Olympic and Paralympic sport.</td>
<td>The ASC supports the development of athletes through National Athlete Career Education Program, aimed at providing training, education and employment through sport.</td>
<td>China has put tremendous effort in the development of sport in the country through many initiatives:</td>
</tr>
<tr>
<td>The Community Olympic Development Program addresses the needs of progressing athletes from the initial stages of development to the elite level.</td>
<td>The elite Coach program was launched after the 2004 Athens Olympic Games to develop the skills of coaches exhibiting potential.</td>
<td>The Active After School Communities program and the Junior Sport Program focus on developing grass-root level sport and encouraging young people to actively participate in sport in a fun, safe and inclusive environment.</td>
<td>The government has made provisions for sport facilities at the grass root level through the development of sport infrastructure, training and coaching facilities.</td>
</tr>
<tr>
<td>Pipeline Leadership for America’s Youth Sport (PLAYS) brings together advocates and administrators from youth sport across the country to create proactive and imaginative approaches toward youth development, recruitment and strategic planning.</td>
<td>The World Class Performance Program supports athlete training and talent identification for Olympic and Paralympic sport.</td>
<td>The Active After School Communities program and the Junior Sport Program focus on developing grass-root level sport and encouraging young people to actively participate in sport in a fun, safe and inclusive environment.</td>
<td>Te Olympic Games are given the highest priority to promote elite sport and achieve international status.</td>
</tr>
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Source: Adapted from Trans Stadia (2010) Exhibit 7, p.22.
4.2.2 The Commercial Sector:

This sector is made up of sport leagues, spectator’s mega sport events, media, sport facilities like sport clubs, complexes and stadiums, sponsors (both spots and non-sport), sport institutions, coaching, sport tourism, sport physician, etc.

The commercial sector of sport services in India has witnessed remarkable growth in recent times. An indication of all round development of this emerging sector of sport services in the nation can be measured from recent large scale sport events other than cricket. India hosted the Commonwealth Games in October 2010, the first ever Formula One Grand Prix 2011 and some other international sport events like world cup of cricket and hockey. Besides these the National Basketball Association (NBA) of America staged its Basketball without Borders camp for the first time in India in the year 2008 to promote India as a basketball hub. The International Federation for Football Association (FIFA) also expressed its interest in developing football in Indian villages through government schemes and at the same time the International Rugby Board (IRB) has identified India as a nation with high potential for rugby. Other indicators are the evolution and success of sport leagues in India, the increasing sport tourism and its recognition as a significant career option. A brief profile of commercial sport services of India can be presented as follows:

**Sport Leagues of India:**

**The NFL (I-league)**

The culture of sport leagues in India emerged with the foundation of NFL introduced by the All India Football Federation (AIFF) in the year 1999. Although NFL was an initiative to promote professional football in India but it did not get success as expected. The NFL gave way to I-league, which is played among the top sixteen professional football clubs of the country. Again, the I-league has not been able to bring about major improvements in the popularity of professional football in India. The major factors behind its unsatisfactory performance can be recognized as I-league’s lack of presence across the country and its affiliated clubs being largely limited to the states of Goa, West Bengal and Maharashtra. Other factors could be seen as the absence of iconic players and poor performance of the national football team on international stage. Moreover, the league faces problems such as lack of
adequate infrastructure and investments in talent development. All these factors have led to limited sponsorship and lack of private sector interest for the league.

The PHL (Premier Hockey League)

The PHL commenced in 2005 as a joint initiative of ESPN Star Sport and the Indian Hockey Federation (IHF). The league took care of all the important factors such as national participation, iconic players both national and international, professional management and innovative broadcast packaging (i.e. innovative new rules such as four sessions of 17.5 minutes each instead of the two sessions of 35 minutes). Despite all these arrangements, the league met with limited success due to the limited availability of venues across selected regions (see figure 4.11 for composition of sporting venues in India-Annexure). The availability of sport infrastructure plays an important role in the generation of private sector’s interest towards any sport. The PHL’s inability to attract important foreign players and date clashes with other key tournaments become another factor for its limited achievement. The result was limited support from sponsors. However, according to recent developments, the International Hockey Federation (FIH) is taking interest in the revival of hockey in India through PHL. Besides this the FIH chose to award the 2010 World Cup for hockey to India, vis-a-vis it also announced a “World Cup” of top hockey clubs in the world, to be staged in India for the next five years.

The IPL (Indian Premier League)

The IPL was introduced in the year 2008. It is a franchise based Twenty20 competition organized by the BCCI and it has the official sanction of the ICC to invite players from the world over. It featured some of the best cricketers of the world. Their affiliation has been decided by an open auction for eight city based franchises, owned by a host of business tycoons, celebrities and big business consortiums. The IPL has been modeled along the lines of club football in Europe, specially the English Premier League (EPL). The IPL can be seen as a significant milestone in the history of Indian sport. It has created its own unique selling point and has been very successful in its initial year. The IPL engrossed massive attention from the audiences both national and international. It resulted in an extraordinary flow of revenue. It made a record in the history of Indian sporting leagues by drawing more than 200 million Indian viewers, 10 million international viewers, 4 million live spectators (Trans Stadia
Chart 4.3 demonstrates the distribution of revenues across the IPL value chain:

**Chart 4.3 Revenue distributions across IPL value chain**

**The IPL Value chain**

- **Sony-WSG (Broadcaster)**
  - Broadcasting rights (Rs. 6.7 billion per year and then Rs. 10.8 billion per year for the next five years)
  - TV advertisers (Rs. 7 billion)

- **BCCI (Organizer)**
  - Three year licensing deal with Colours mobile rights
  - Lead sponsors
  - Partnership with You Tube Cinema screening rights

- **Team owners/ Franchises**
  - Franchisee fee (Rs. 3.3 billion per year for first 10 years, then no fee)
  - Ticket sales
  - Team sponsors sale of merchandise
  - Prize money In-stadium ads Events

Source: Adapted from Trans Stadia (2010)\(^2\), Exhibit 14, p.54.

Although the concept of sport leagues is not new to India but only after the success of IPL it gained a strong recognition in Indian market. An estimate of revenues and popularity generated by IPL has been reported by the Forbes\(^3\) in an article *the world’s hottest sport league*. The article identified that in its very first season (2008) the league’s semifinal and final drew 62 million viewers in India, with a per match average of 11 percent of the nation’s total cable audience. The IPL
finances shown that the league generated revenue worth of $209 million in its second season. The average franchise was worth $67 million, a 31 percent increase in just one year. The Rajasthan Royals, the league’s first champions, has risen in value by 71 percent. The most noticeable thing was all these have been earned by the league, despite the fact that it had to face the uncertainty and logistical headaches of moving that year’s entire game (59 slates) to South Africa at only three week’s notice. Since its initial year the IPL is continuously growing in business. A recent development in the league’s business can be quoted here for having an idea about its growth rate, “The Board of Control for Cricket in India (BCCI) has announced that PepsiCo will become the new title sponsor of the Indian Premier League, with the five year deal worth double the amount paid by the Twenty20 competition’s inaugural sponsor DLF” (Sport Business 2012). The title sponsorship for the first five years by India’s leading real estate company DLF was worth INR 200 crores. Besides title sponsorship the broadcasting right for IPL has been sold in approx US $ 1.64 billion to Sony Entertainment Television Max (SET Max) (Trans Stadia 2010). According to Forbes magazine, IPL is the second richest sporting league after the NBA.

All these encompass a huge flow of revenue and expenditure. In case of India the sport services were largely provided by the government and voluntary sectors until last few years when the commercial sector started to participate. Especially after the success of IPL it gained momentum and a huge flow of private sector joined the niche market of sport services. During last few years the demand for sport service like sport media through TV (sport channels), sport magazines and books, sport clubs, stadiums and complexes and sport goods have increased significantly in the country; for instance figure 4.1 depicts annual spending on recreational products and services including expenditure on sport is growing rapidly and expected to go higher and higher in near future. The sport services that become the revenue sources of the sector can be listed as:

- Sport broadcasting rights
- Sport Sponsorship
- Ticket-sales
- Licensing and merchandising:
- Players trading (in case of leagues)
- Alternative commercial utilization of sport infrastructure during the off-seasons

Though there is a paucity of systematic data on the estimates of size and value of sport service sector. However, an idea about its enormous potential can be gained from the success and massive revenue generation by IPL and large scale investments and involvement of other industries of private sector.

4.3 Summary:

Sport industry is the manufacturing of sport related goods, services, and ideas through the amalgamation of sport activities with business, media, society and politics. Sport industry aims at maximizing its social and economic profits contrasting with sport which stresses number of participation (both players and spectators). To attain these objectives, all the players of a market: business, media, society and politics work collectively catering to the requirements and importance of interdependence.

The Indian sport industry has witnessed an evolutionary phase in the past few decades. Especially in last ten years the industry has widened its horizon in the nation. At the commercial end this growth came, due to increase in awareness about sport, changes in consumer preferences, augmentation of the sport media, introduction of sport leagues, modernization and globalization of sport and its marketing techniques, hosting a large number of international sport events, etc. This development also came largely, due to the establishment of a full-fledged ministry of sport in the year 2000 which designed a comprehensive sport policy 2001 and then 2007 focusing on all round development of sport in the nation. Its schemes are intended to create sport infrastructure and promote capacity building for broad-basing sport.

Sport sector which operates broadly in two parts, sport goods sector and sport services sector is gaining preference as a strategic business unit by large corporate houses in India now. The sport goods manufacturing sector of India has an abundant potential to grow much larger than its current size. Though some of its traditional products are of great importance, the sector needed to be tuned with the modern processes of production, marketing and certifications. On the other hand, if supported
by the manufacturing units, the trading of these products can put a very positive impact on the total trade of India. We have seen evidences of continuous hike in the exports of sport goods of India. Though during initial years of last decade the imports by this sector has exceeded its exports, the recent trends are showing that the exports have again taken position over imports. The industry also provides a huge employment opportunity to the rapidly growing population of the country. We can also say that Indian sport goods has a ready market for its consumption due to cost competitiveness. India has abundant labour supply (supply more than demand lowers the factor price) that provides low cost skilled labour. Sport goods manufacturing which is highly a labour intensive industry in India has the advantage of cost competitiveness better than any country in the world. As a major amount of Indian sport goods are imported by highly developed sport matured nations of the globe like UK, USA, Australia, France , Germany, etc. (for details see table 4.11-Annexure) its scope for increasing the market share in the global sport market is pretty extensive.

The sport services sector in India is also grooming very speedily. During last few years it has shown an enormous increase in its size and value, though a systematic data is not available for the sector. The sport services which were there for non-profit entertainment and national excellence purpose has changed mostly into profit based entertainment and business rationale. It involves a huge amount of investments both by the government and private sector. The government invests in sport for reaping the benefits of fitness, health, social cohesion and economic development through it. Private sector obviously invests in sport to achieve maximum profit goals due to business development, recognition and creditability through it.

Over all with increasing facilities and more international exposure the consumer demands are changing in the nation. The educated Indian youth prefer a healthy lifestyle with a good time devoted to sport and recreation. Its significance can be seen from the increasing number of fitness centers and gymnasiums, health and sport clubs, sport complexes and stadiums in the country. Attraction towards such fitness and entertainment activities also brings about lots of changes in the culture of the workplace. For example, many IT and multinational companies now provide gymnasiums in the office building or sponsor their employees for fitness activities:
like gymnasiums, golf, and yoga; and other sport for ripening the qualities that sport and fitness activities bring.

All these together create a great sport market opportunity in India too like other developed nations. There is a need for better marketing strategies in order to exploit the opening upto its optimal level. As underlined and suggested by Trans Stadia (2010), in the year 2007 India’s total sport budget was INR 4.95 billion (US $ 102.32 billion) which was less than half the revenue potential of the IPL. Therefore to get the best results it is recommended to make a particular sport attractive through appropriate structuring and packaging. The model should cater to the needs of consumers, which will lead to increased participation from broadcasters, sponsors and other corporate players, thus developing itself into a self sustaining model. The same can be recommended to the sport manufacturing and trading sectors for over all development of the sport sector.
References


12. Ibid.


23. Ibid, p.30. Fig.


28. Ibid., pp.53-54

29. Ibid, p.54.Chart

