Chapter Six

Conclusion, Suggestions and Policy Recommendations

“The world will be a healthier and a less dangerous place if nations invested more seriously in the citizen’s rights to participate in sport.” – United Nations Report.

Gone are the days when the nation’s power was being judged by its military strength and wealth. Today that notion is fast changing with the radical spread of streamlined education coupled with access to information and exposure to the diversity of our planet. Sport, Entertainment, Knowledge and Economic vitality now showcase a nation’s power. Sport in particular showcases a nation’s soft power but definitely it enhances the nation’s pride at the global level. Sport pushes the general population towards being fit, strong and conscious of one’s general well being. Besides this, sub-consciously it helps in building strong ethics such as teamwork, integrity, leadership. All these have direct bearing on the productivity level of the working population leading to better economic condition of the nation.

Sport is the universal language that transcends age, gender, religion and social standing. It has the power to unite the world. Sport in India is on the edges of a revolution. With an energetic young population, more and more people see sport as a form of entertainment, fitness and leisure. A paradigm shift is taking place, with the Indian sport industry having the potential of becoming a sustained growing industry. There are several aspects related to sport that needs to be addressed in a multi-pronged manner. Sport need to be a greater part of education; mega-sport events need to be brought more and more into a developing and aspiring economy. (Trans Stadia 2010)

Sport is changing its characteristic from being a leisure time activity to a main stream business and is become an industry contributing remarkably in the growth and development of a nation. The importance of sport as an industry has been recognized in developed countries long back but not before 19th century. In contrast sport is still struggling to be recognized as a separate industry in the developing world. It is in its infancy and facing all the challenges. Therefore, in India too, sport industry has been found to be struggling. There were very less awareness among the people of India about the sector’s economic values. It is
observed that only after the success of IPL we Indians at mass level started recognizing the involvement of money in sport, seeing it as a good career option. Though slowly and gradually they became aware about the money in sport but the knowledge about the conceptual framework of sport economics is still negligible. Even among academicians, the awareness about this branch of academics was found to be missing. In contrast, in developed nations sport economics is emerging as one of the main stream branches of academics. Within a period of approximately 50 years sport economics has some professional society (for instance IASE-The International Association of Sport Economists), some dedicated scholarly journals such as Journal of Sport Economics and The International Journal of Sport Finance. Reportedly over 100 United States of American colleges offer courses dedicated exclusively to the economics of sport and world-wide at least hundreds of textbooks are devoted exclusively to sport economics (Noll 2006)².

However, the characteristic of sport industry in India has been identified assorted and mixed with other industry groups. We did not come across any structural classification of Indian sport industry (as per the resources investigated during literature search) and the sector has been identified quite scattered. A strong need for a composite structure of Indian sport industry was felt and a hierarchical model for this purpose has been developed during the study. The sport sector can be divided broadly into two categories known as the sport goods sector and sport services sector. The sport goods sector comprises of all products which are bought for use in sport: Sport equipment, sport clothing and sport footwear. Whereas, sport services include expenditure on admission to spectator sport, fees and subscriptions for participation sport, sport-related expenditure on television, and expenditure on health and fitness clubs. This could be further elaborated as mentioned below for better understanding of Indian sport services specifically as recognized during the current study:

- **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.

These two sectors together involve a multidimensional and multidisciplinary business growing under one umbrella institution known as the sport industry. Therefore, we can see that sport represents a big business and it is an important industry of any economy. The economic indicators of sport industry that reveals the importance and contribution of sport business can be categorized as sport related consumer’s expenditure, sport employment, balance of international trade in sport, and Gross Domestic Product of sport.

The sport goods sector can be broadly categorized into sport goods manufacturing units and sport goods trade. The sport services sector on the basis of production unit can be divided into three parts i.e. the government, the voluntary and the commercial or private sectors. As sport goods and sport services are the major parts of a single industry, their growth and development is inter-related. There can be a strong probability that the sport goods manufacturer and exporters might have exploited the hidden potentials of sport market of local, national and global nature at the cost of growth of sport services in the nation. For example, over a period of time the outlook of Delhi has changed into a major centre of sport due to hosting of mega sport events and again because of Delhi’s developed infrastructure for sport and other related facilities it is preferred for hosting such events. Along with sport services, the sport goods sector has also grown over a period of time in the premises of NCT of Delhi.

Therefore, the current research tested four hypotheses to evaluate the economic significance of sport industries in India in general and NCT Delhi in
particular since the year 2000, on the basis of available data and resources. The results of the analyses can be summarized as:

- The analysis of first hypothesis confirmed that the growth rate in organized sport goods sector of India has shown an increasing trend over a period of time.

- The second hypothesis of this research that Sport goods trade induced a considerable increase in foreign exchange earnings over a period of time in India is rejected on the basis of the results of data analysis.

- The analytical study of the data on exports of sport goods from NCT Delhi during last decade rejected the third hypothesis of the present study. The rate of growth in exports of sport goods from the region is not found to perform better than the overall growth in the exports of sport goods from India.

- The analytical assessment of mega sport events hosted by NCT Delhi led us to accept our last hypothesis that the sport mega events in National Capital Territory of Delhi had high economic linkages (both backward and forward) effect.

Further, the observations based on the results and information available advocate that the sport industry of India is one of the potential industries that can become a sustainable source of income and employment generation, making contribution in the national income and foreign exchange reserves of the nation. For example in the analysis of sport goods exports of NCT Delhi, we observed that the national capital which is the main commercial and trading centre of north India and host of most of the mega sporting events of the globe, exploited the opportunities coming in the arena of sport goods sector due to increasing demand for sport. The huge sport infrastructure facilities present in the geographical region of NCT Delhi gave a pathway to the robust growth in sport culture and further increasing demand for sport services and sport goods. Being a student of economics, we can look at the situation in the light of multiplier effect of an investment in sport that may lead to changes in many economic variables such as increase in demand, improved infrastructure, income and employment generation, support to other related
industries and overall growth and development. Besides these economic effects of a general nature, sport also brings some special impacts like:

1. **Human capital formation:**
   Sport is contributing in the growth of one of the important dimension of Human Development Index (HDI) i.e. health. Health is central for the growth in human capital of an economy. For instance Delhi ranks 2\textsuperscript{nd} among all Indian states at HDI scale, according to Human Development Report 2011 (for details see table 6.1, Annexure) and the sport culture of NCT Delhi must be considered as one of the contributory factor.

2. **Bringing recognition at the global platform vis a vis developing political relations:**
   Sport has been always a source of national pride which is classified as a public good in sport economics. Further, Sport has a quite significant role in developing good relation among different political economies of the world. For example, the hosting of Commonwealth Games 2010 that provided a chance of hosting approximately more than 50 nations. Another example of IPL or any league can be cited here which brings together the players of different nations in one team. All these along with encouraging friendly relations among players also contribute towards strengthening of the relations among the countries. Together it leads to social cohesion and has the power to unite the world.

3. **Spill over impacts on other related industries:**
   The growth and development in sport sector leads the growth of other related industries specifically tourism, hospitality and transportation & communication industries. An improvement in these brings growth in some other sector related to these industries. Therefore, a chain of growth can be realized.

   Therefore, the multiplier effects of investment in sport sector are much more than what has been explained over here in a concise discussion. It is in itself a topic of research. Nevertheless, coming back to the current research theme, the intention
behind the study of NCT Delhi and its relation with sport and sport industry is to bring attention of our policy makers and business houses or big corporate investors towards a potential sector of the economy that can prove itself as a sustainable source for high consuming rapidly growing population of NCT Delhi in particular and India in general in the provision of income and employment generation along with benefits of international trade and international pride.

In a nutshell the major findings of the study can be summarized as:

- On the basis of the growth rates calculated, it can be confirmed that the sport goods sector is a promising and competitive sector that can contribute significantly in the nation’s economic concerns, if provided with right opportunities.

- The sport goods trade of the nation has also shown a growing trend and these products are preferred by many sport loving countries of the world, but the rate of growth has shown some fluctuations that can be due to different reasons at different times such as the global financial crisis that affected the whole world must have impacted the demand for Indian sport goods both at national and international levels as sport is identified to have positive income elasticity.

- The import contents are found increasing too. If it will continue to grow at this rate it could become a serious problem and contribute to the pilling up of trade deficits of the sector and further in the total trade of the nation. Thus, the matter should be seriously studied by our policy makers to find some way out to overcome the situation. This particularly under the circumstances that India has large potential under the sector to grow.

- The analytical study of exports of the sector illustrated that the rate of growth of exports have shown a tendency to increase after 2009-10, the Commonwealth Games period. So, we can conclude that a mega sport event like Commonwealth Games has the power to enhance (to a good extent) the image and popularity of sport goods of the hosting nation. In our case the increased exports figures after the hosting of commonwealth games, Cricket World cup, Hockey World Cup, First Indian Grand Prix which were hosted during last few years confirm the statement.
It is also identified that the hosting of mega sport events has its forward and backward linkages which ultimately results in the development of the hosting region. During the study it has been observed that the economic development of Delhi was also boosted to a considerable extent by the development of sport culture in the region. Further, this development of sport culture has found to have its origin in the year 1951 when the first Asian Game was hosted by India in NCT Delhi. This caused improvement in sport infrastructure and the development of sport facilities again attracted the ninth Asian Games. The ninth Asian Games caused more sport facilities in the region. This chain is still going on causing more development in the region and its spillover effects on the nearby places.

Structural Classification of sport industry of India is required; probably on the lines of the hierarchical model given in the thesis for developing a systematic data base to estimate the size and value of the industry.

The data confirmed that the sport goods manufacturing and exporting clusters of India are mainly concentrated in the states of Punjab and Uttar Pradesh and in the light of observations during the study it could be said that approximately half of them are facing lack of advanced technology in production and sales promotion and infrastructure facilities. Hence, there is a need to develop strategically planned sport goods manufacturing and exporting clusters equipped with the technology and quality standards of international level throughout the country so that the sport goods of India could compete strongly the products of other nations at any level.

In the light of our observations during the current study it can be concluded that sport is a sustainable industry with great potential of growth and thus a sustainable source of income and employment generation. Since ancient times till date the demand for sport is continuously growing and love for sport is a well recognized fact in every society. Therefore, the demand for sport in the world is ever lasting and so the requirement for the supply of sport goods and services.
Suggestions and Policy Recommendations:

Research provides one of the bases for nearly all government policies in any economic system. Therefore, based on the findings and observations of the current research, few suggestions and policy recommendations are made to achieve improvement in the condition of sport goods and services industries in the direction of realizing its worth in the social welfare and economic development of the nation.

1. **Regular monitoring and evaluation by Government can improve the competitiveness of the industry:**

   Lack of monitoring and evaluation systems prevent firms from planning activities, measuring impact, etc. Government can play a key role to enhance and encourage the competitiveness of the industry by listing sport as a separate industry in the Key Industries list of Indian economy. In that way it would get the opportunity to be compared and evaluated on regular basis in different public and private surveys and reports that will give a chance to the people engaged in the business of sport to explore the scope and meet the demand of expanding business opportunities at its best.

2. **Technological upgradation:**

   The sport companies of India can cater to and compete with global players if they adopt highest quality standards. This highest quality of product and services can become the driver of growth which could help in moving Indian sport industry out of the mediocrity vis a vis raise the bar for other industries as well.

3. **Hand-sharing support to small size firms by large organizations:**

   In order to enable small size firms to be part of growing organizations participating in sport business initiatives can ideally be placed to provide hand sharing support and been connected to partnering organizations. It can also help creating awareness of the fact that it is possible to contribute and participate in development of economy and society without necessarily setting aside an ample amount of funds.
4. **Dispersal of information on best business practice, international standards and monitoring and evaluation mechanisms:**

If the firms, who lack awareness about the guidelines of best business ethics, International benchmarks and monitoring and evaluation systems, would be provided a guideline at easy access (specifically through government) they can make tremendous positive changes. Those firms can build evident social consciousness and sensitivity on regular basis by doing business responsibility that could lead to healthy business environment.

5. **Policy of “developing sport culture for economic development of a particular region”:**

As concluded that hosting of sporting mega events in National Capital Territory of Delhi had high economic linkages effect, it can be an effective way of bringing development in other regions of India by selecting them for hosting future sporting mega events or through developing sport culture in those regions. The Comprehensive National Policy 2001 and 2007, whose major objective is to develop a network of sport infrastructure in urban as well as rural areas, can become a great instrument in implementing the policy of “developing sport culture for economic development of a particular region”.

6. **The inclusion of sport goods sector in the Comprehensive National Sport Policy:**

The National Sport Policy should also incorporate the development of sport goods sector along with sport services. This is required because the development of sport also leads to the increased demand for sport goods. To meet this growth in demand we need to develop our manufacturing base instead of depending extensively on imports which could create deficit in total trade balance. Therefore a comprehensive policy of the government should focus to investigate the conditions and requirements of the sector with an intention to suggest and implement measures to improve the overall productivity and competitiveness of the sector and then realize its benefits in the development of the regional and national economy.
7. **Sport as a separate industry along with national and regional data base:**

Further, there is a recommendation for our policy makers to recognize sport as a separate industry (incorporating both goods and services) and data base on sport industry (national as well as state level) needs to be developed which has been found mostly trifling. During our study it was found that sport industry is dominated by traditional method of working and there is no technical information base for systematic, time series or regular data for the industry. Therefore, the current research is based on the available data. Sport industry is even not added as a separate entity or included partially in government data base such as Economic Survey, Annual Survey of Industries etc.

8. **Linking the sport goods and services sector as an income and employment provider:**

The sport sector can play a role of consuming a large number of unemployed workforces present in different regions of India struggling for surviving in this world of rapidly increasing prices of goods and services. Basically sport goods industry is a labour intensive industry and India has the largest work force to total population ratio. In the population projection, done by the committee on India vision 2020, its working age population is expected to be 67.7% in 2015 and will further increase to 68.7% in 2020. This growth of population, if utilized in a right direction, can put India into a favourable situation and the sport goods and services can provide us great scope for future successes. The only danger before India with regard to this high working population is that of lack of skilled labour force. Sport is an industry where not much skill is required. Hence, policy makers should give attention to this sector so that the surplus labour doesn’t remain idle and can become a source of income generation.

It is a well established fact that a niche market contains a good amount of hidden capacity. Therefore, the market of sport in India has a great potential and its future is quite promising if its development would be considered as a focal interest of our policy makers. Therefore, to realize the worth of sport industries of India in the development prospects of the nation the two key sectors namely the government and the private sectors of the economy have to work closely so that the potential of the industry can be optimally utilized in the right direction towards national benefit.
References:

1. Trans Stadia (2010) *India ...get, set, go...The evolving sport ecosystem in India.* Ernst & Young.