



Confederation of Indian Industry

The business of sports

Playing to win as the game unfurls

September 2016

KPMG.com/in | cii.in

Table of contents



1 Message from
Chair, CII Summit



13 Sports market overview



2 Message from
CII Chairman, Western Region



19 Indian sports ecosystem:
Governance and challenges



4 Foreword



25 India in sports: Key
metrics of success



5 Executive summary



37 Business of leagues



43 Sports infrastructure
and training



61 Glossary



53 The way forward



62 Acknowledgements



59 About KPMG in India



60 About CII

Message from Chair, CII Summit

Over the past 10 years, Sports as an Industry especially in India has changed fundamentally. Today, Sports is not just an active platform for marketing and creating branding opportunities for corporates investing in Sports, but also creating value for fans across the country. Sporting leagues in India and across the world have invited valuable support and presence of corporate sector.

Sporting leagues have not only promoted sports like Kabaddi, Soccer, Hockey in India; they have also created value for all stakeholders in the fraternity. All leagues have had varying levels of success in generating fan base, inviting sponsorships and ensuring financial viability and profitability for team promoters. Fans in India also prove to be an interesting mix, with each being a loyal audience to a specific sport.

With formation and popularization of Sporting leagues in India, there is now an increased opportunity for young talent at the grassroots level

to showcase themselves at a global platforms like IPL, PKL etc. These leagues have offered immense exposure to not just Indian players but also to some international sporting legends.

Realizing the impact of Sports on the entire economy, industry and entertainment in India, CII Western Region is organising the 1st Summit on Business of Sports and Entertainment. We have put together this programme to seek some pertinent answers and advice on how Government and Industry together can strengthen the sports ecosystem in India.

I am thankful for this opportunity to Chair the Summit. I would like to take this opportunity to thank all the partners and speakers for their support and guidance in putting together this programme. I hope the discussions at the Summit will help us put forward some strong suggestions and ideas for Sports in India.



Shrinivas Dempo

Chair

Summit on Business of Sports and Entertainment 2016

**Chairman
& Managing Director**

Dempo Shipbuilding
& Engineering

Message from Chairman, CII Western Region

Promotion of Sports across all spectrums of the society not only ensures inclusivity but also creates employment opportunities for its people. Sports always brings a sense of national pride that is incomparable to any other form of entertainment. Business of Sports has changed faces very rapidly in the recent past. The introduction of entertainment and role of corporates has been increasing and evolving.

Confederation of Indian Industry (CII) has a National Sports Committee that is facilitating the creation of a sporting culture in India. Therefore, as part of CII's India@75 vision, the Committee has developed a plan to broad-base sports in India, help in infrastructure development and provide technical support for athletes through professional coaching and training centres to nurture and groom talented sportspersons.

The National Sports Committee of CII is working towards creating an ecosystem for Governments and private sector companies to combine efforts, and invest in sports. Through continued engagement and dialogue

with the Government, industry and sports' bodies, CII is enabling an environment that will be focused on promoting a sporting culture in India and one that will place a special emphasis in recognising sports as an industry.

One of the many steps that CII took was to partner with KPMG to develop a report on the Business of Sports and Entertainment. The report explores and assesses the sports ecosystem in India, identifies the various stakeholders concerned and addresses their specific issues and challenges. The paper provides recommendations for both the Government and private stakeholders' efforts in enabling sports in India and emphasises the need to collaborate and synergise efforts, so as to take the Indian sporting industry to the next level.

I would like to take this opportunity to extend my appreciation to the KPMG and CII teams who worked in developing this document. I hope this would pave way for future discussions with all stakeholders in the industry.



Sudhir Mehta

Chairman

Confederation of Indian Industry - Western Region

**Chairman
& Managing Director**

Pinnacle Industries Ltd



Foreword

Sports is inspiring, engaging, immersive, emotion evoking, and a rapidly growing industry worldwide.

The global sports industry, at one per cent of global GDP, is estimated to be worth around USD600–700 billion. This includes sports infrastructure, sports events, sports hospitality, training, and manufacturing and retail of sports goods. While sports in India has usually been a government-led initiative, the private sector has historically participated through corporate social responsibility channels, PPP in sports infrastructure development and for profit sports academies. Now, sports leagues have emerged as a primary vehicle for the private sector.

Impressive growth in viewership of sports other than cricket provides a glimpse of our potential to be a multiple sports nation. Further, growing female viewership, acceptance of 'rurban' sports and increasing digital on-the-go

sports consumption are boosting broadcasters and sponsors.

It is extremely important to build a dynamic sporting culture in India and the need for the government and the private sector to collaborate in order to strengthen the sports industry. Lack of sports culture coupled with inadequate public resources impede our performance in the global sporting arena.

Corporate funding in sports may therefore be one of the answers to ignite development in India. The gestation period for realising returns on such investments is long, but global experience shows us that it could be potentially rewarding.

This report attempts to highlight the common grounds between all stakeholders to enhance the development of sports in India and create a road map for a potentially successful collaboration between business and sports.



Jaideep Ghosh

Partner and Head

Transport, Leisure and Sports
KPMG in India



Executive summary





Overview

The global sports market, comprising of infrastructure, events, training and manufacturing and retail of sports goods is estimated at INR37.8–44.2 lakh crore (USD600–700 billion), accounting for approximately 1 per cent of the global GDP.¹ Besides exercising a significant impact on the global economy due to its close association with other sectors, including education, real estate and tourism, the sector also contributes to improvements in general health and well-being of a country.

Global sports market size by key segments^{2,3}

Segment	Market size (2014)
Sports events	INR5.1 lakh crore (USD80 billion)
Sports apparel, equipment and footwear	INR19.7 lakh crore (USD310 billion)
Sports clubs (fitness, health and sports training)	INR6.7 lakh crore (USD105 billion)
Infrastructure construction, food and beverage and betting	INR6.3–12.7 lakh crore (USD100–200 billion)
Total	INR37.8–44.2 lakh crore (USD600–700 billion)

Source: "Winning in the Business of Sports", A.T. Kearney, 15 February 2014

Of the above segments, sports infrastructure is a recognised industry in India, having gained that status in February 2016.⁴ Currently, the potential value of the sports infrastructure market is estimated at INR80,000 crore (USD11.9 billion).⁵ Additionally, the sports sponsorship market in India grew approximately at 12.5 per cent year-on-year (y-o-y) in 2015 to reach INR5,190 crore.⁶

The Indian sports sector is experiencing a sea of changes with all-round developments initiated by the government, the private sector as well as non-profit organisations. The government is introducing game-changing schemes such as 'Khelo India' to address issues regarding infrastructure, talent scouting and training facilitation. Private sector and non-profit entities are also increasingly contributing to the sector by organising leagues and tournaments, funding talented sportspersons and getting involved in grassroots development.

Key trends driving the market

Rising importance of technology and data

Engaging fans through social media

Increasing online consumption of sports

Growing female viewership

Increasing viewership, sponsorship and participation in sports other than cricket

Rising number of sports start-ups

Growth in rural viewership numbers

Global and Indian trends

India-specific developments

Source: KPMG in India's analysis, 2016

¹ "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016
² US Dollar to Indian Rupee conversion done at 2014 yearly average rate of USD1 = INR63.469

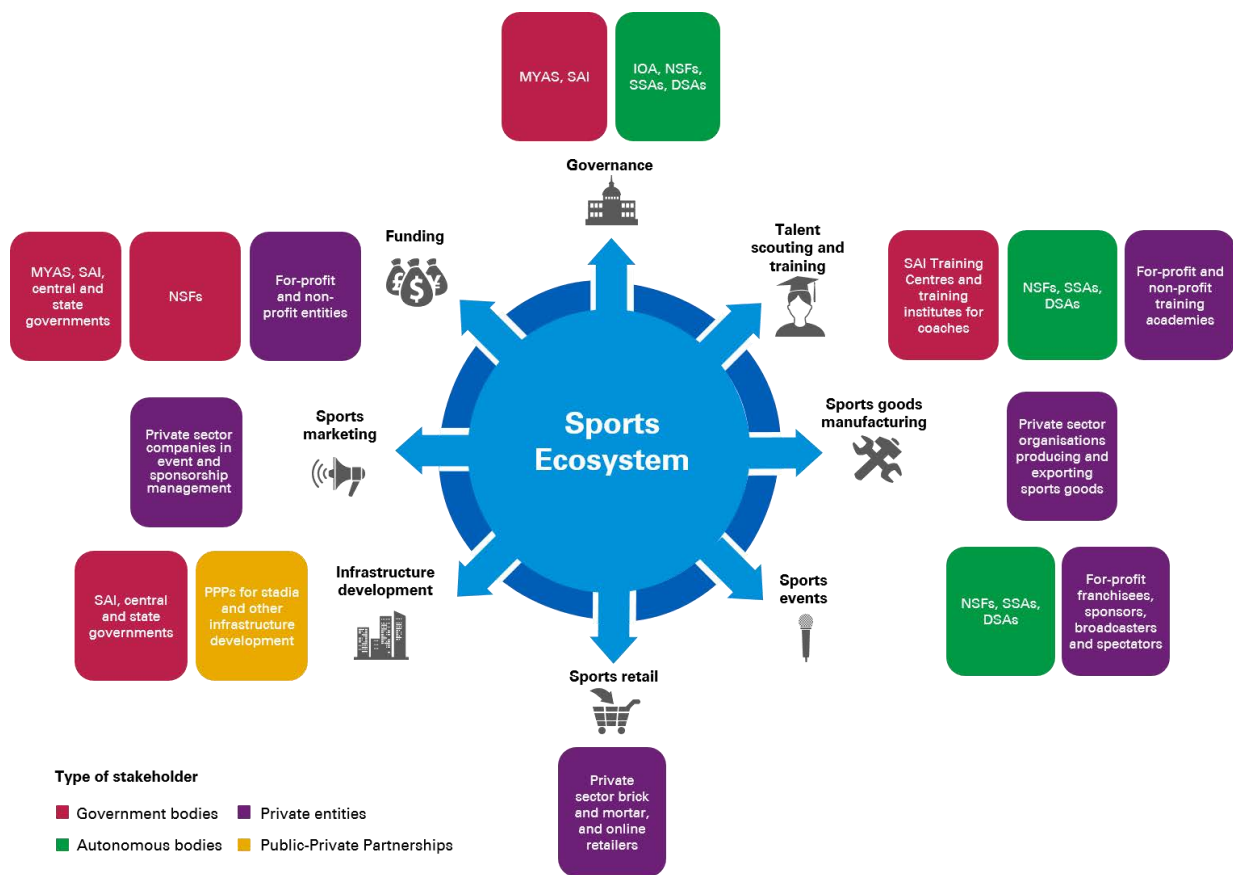
³ "Yearly Average Currency Exchange Rates", Internal Revenue Service, 15 January 2016
⁴ "SPORTS INFRASTRUCTURE GETS INDUSTRY STATUS", The Pioneer, 23 February 2016
⁵ "How to turn Indian games into a money-spinner", Forbes India, 1 April 2016
⁶ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016



Sports ecosystem in India

The sports ecosystem in India comprises of four types of stakeholders across eight major segments. These stakeholders form the crux of the system and are involved across multiple areas of governance, infrastructure development, talent scouting and training, funding support and organisation of sports events such as leagues and tournaments. Manufacturers and retailers of sports equipment and sports marketing companies complete the ecosystem.

Sports ecosystem in India



Source: KPMG in India's analysis, 2016



Key organisations managing sports in India



Source: KPMG in India's analysis, 2016

MYAS

The Department of Sports at MYAS is the apex government body for sports in India; it is primarily responsible for funding the management and development of sports infrastructure, and formulating sports development programmes. It also provides funding and recognition status to NSFs that abide by its guidelines.

SAI

SAI maintains government stadia, releases funds sanctioned by MYAS to NSFs, manages sports academic institutions and training centres, and runs training and talent scouting schemes. It is responsible for carrying out the objectives laid out by the MYAS.

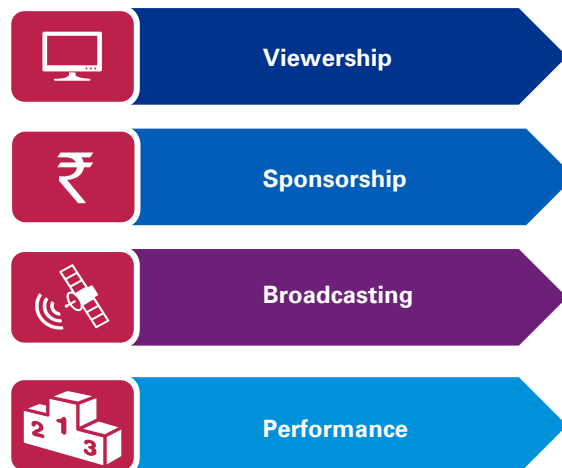
IOA

IOA is the Indian representative for the International Olympic Committee (IOC); it is an autonomous body that enforces the Olympic charter over NSFs of Olympic sports. It also organises the National Games and liaises with the government for financial assistance.

NSFs

NSFs are autonomous bodies responsible for promoting their respective sports and organising tournaments; they are assisted by state and district sports associations. NSFs play a pivotal role in developing a sport, as they work at the base level, promoting a sport right from school and village levels up to the national level.

Key metrics of success in sports



Source: KPMG in India's analysis, 2016

Stark rise in sports viewership across platforms

Indian sports viewership (TV) numbers grew 30 per cent over the two year period between 2014 and 2015 — driven by the ICC Cricket World Cup and league-based events including IPL, PKL and ISL.⁷ Sports consumption in India is on the rise with leagues as well international sports garnering strong support across multiple platforms (TV, in-stadium and the internet).

Key indicators:

- The Indian Super League (ISL) witnessed an impressive cumulative TV viewership of 429 million in its inaugural season in 2014; its viewership further grew 26 per cent y-o-y in the 2015 season⁸
- ISL not only managed to pull crowds to TV, but also to the stadium; the average attendance at ISL's first season was 24,357 — only below three of the world's biggest football leagues (Germany's Bundesliga, Spain's La Liga and the English Premier League)⁹
- The first season of Pro Kabaddi League (PKL) in 2014 was watched by 435 million people, and its viewership increased 20 per cent y-o-y in its second season and 35 per cent y-o-y in its third season¹⁰
- In its second season in 2015, the International Premier Tennis League (IPTL) attracted a large crowd of 14,000 spectators at the Indira

⁷ "Sony looks for playing fields beyond IPL", SmartInvestor.in, 11 February 2016
⁸ "In 2016, Soccer, kabaddi & tennis leagues to offer tempting choice other than cricket", The Economic Times, 26 December 2015

⁹ "How India's ISL became world football's fourth biggest league", The Guardian, 23 December 2014

¹⁰ "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016



Gandhi Indoor Stadium in Delhi owing to famed sportspersons including Roger Federer and Rafael Nadal¹¹

- During its first season in 2015, the Pro Wrestling League (PWL) was watched by an average of 31 million viewers per day¹²
- Star India's online content delivery platform Hotstar's viewership base expanded from 41 million at the end of IPL 2015 season to 100 million during IPL 2016 season¹³
- In 2014, the FIFA World Cup witnessed a viewership of 55 million, and in June 2016, the UEFA Euro Cup had 50.1 million viewers tuned in during the group matches¹⁴

Sponsorship on the rise with leagues

In 2015, the Indian sports sponsorship market grew 12.5 per cent y-o-y to INR5,190 crore; it comprises of five major segments — on-air, on-ground, team, franchise fee and endorsements. On air sponsorship is the largest segment; it accounted for 51.9 per cent share of the overall sponsorship market in 2015, followed by on ground (19.8 per cent), team (10.8 per cent), franchise fee (9.4 per cent) and endorsements (8.1 per cent).¹⁵

Key indicators:

- Cricket continues to dominate sports sponsorships in India with 51 per cent share in on-ground sponsorship, 61 per cent in team sponsorship and 64 per cent in endorsements¹⁶
- As India moves towards becoming a multi-sports nation, leagues such as ISL and PKL are increasingly attracting sponsors
- Corporates are betting big on sports to build brands — primarily due to their ability to attract a large number of viewers simultaneously; for example, a leading digital wallet and e-commerce player has committed INR500 crore over 2015–19 to the sports category, and is likely to target upcoming leagues in the country.¹⁷

Sports broadcasters are betting on a diverse portfolio

The sports broadcasting landscape in India has changed significantly with the rise of various sports leagues. Broadcasters are increasingly looking to diversify their portfolios with a variety of sports other than cricket, such as golf, tennis, badminton, wrestling and kabaddi.

Key indicators:

- Star India and Sony Pictures Networks (SPN) are competing intensely to acquire sports properties; In August 2016, SPN announced acquisition of Ten Sports from ZEE¹⁸ to diversify its portfolio ahead of its renewal of IPL's TV broadcasting rights in 2017.
- Online sports consumption is rising at a fast pace, driving broadcasters to build and utilise online content delivery platforms; Star India (Hotstar) acquired online broadcasting rights for IPL for INR300 crore and similarly, SPN acquired the online rights for the FIFA World Cup (2014 and 2018) and the UEFA Euro Cup 2016.
- International sports events are gaining traction in India — leading broadcasters to acquire rights for events such as Spanish football league La Liga (SPN), German football league Bundesliga (Star India), Formula One (Star India) and NFL Super Bowl (SPN)
- Regional language broadcasting for sports events has emerged as a major trend in the Indian market; Star India relayed the ICC World Cup 2015 in six languages and SPN launched Sony Kix for regional feeds — effectively capturing sponsorships from regional brands such as Anmol Biscuits.

Performance at multilateral international events continues to lag

The largest ever Indian contingent of more than 100 sportspersons at the Rio Olympics 2016 won two medals — a silver in badminton and a bronze in wrestling. A prominent reason for not being at par at the Olympics is the lack of a culture of sports. Sports is not an integral part of school curriculum, and is viewed as a recreational activity rather than a career possibility. Some other probable reasons are:

- Insufficient infrastructural support
- Inadequate governance
- Lack of awareness about career opportunities in sports in rural areas

¹¹ "In 2016, Soccer, kabaddi & tennis leagues to offer tempting choice other than cricket", The Economic Times, 26 December 2015

¹² "Pro Wrestling League is season's 2nd most-watched non-cricket tournament", Business Standard, 1 February 2016

¹³ "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

¹⁴ "UEFA Euro 2016 | Group matches: 50.1 million viewers tune in", Zapr, 27 June 2016

¹⁵ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

¹⁶ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

¹⁷ "Four Brands that are Promoting Sports Beyond Cricket in India", Advertising Age, 15 November 2015

¹⁸ "Zee Entertainment sells Ten Sports to Sony Pictures for Rs 2,600 crore", The Economic Times, 31 August 2016



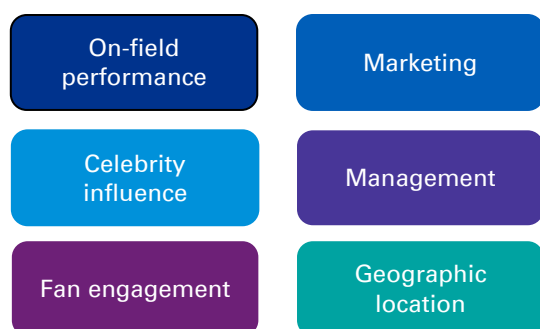
Business of leagues

The success of IPL has led to the rise of several other leagues in India; currently, there are around 11 operational leagues in the country. While India is a latecomer in adopting the league concept, it is rapidly covering ground; out of the 11 operational leagues, nine were launched during 2013–16 and two more are planned in 2016.¹⁹

These are encouraging trends for the future of sports in India. However, a special emphasis needs to be laid on keeping the leagues sustainable. It is a business which requires high investments and has long gestation periods. As of now, a large part of the leagues and their franchises are unable to secure the expected financial returns. Only a few franchises in IPL have been profitable— often not consistently.

Teams across leagues are taking initiatives to attain success, focussing on fan engagement and marketing, apart from on field performance to build and cultivate a loyal fan base.

Key success factors for a sports team



Source: "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

Sports infrastructure and training

Sports is primarily a state subject, and a huge portion of the sports infrastructure is owned and managed by state governments. The role of the private sector is limited to Public Private Partnership (PPP), for-profit academies and CSR/non-profit initiatives.

The government is launching initiatives like the 'Khelo India' scheme, which focusses on developing sports infrastructure in rural as well as urban areas, encouraging a sporting culture through competitions, and identifying and nurturing young talent. However, there is a need for greater involvement of the private sector. PPPs can help the government fastrack infrastructure development; therefore, it is imperative to create favourable policies to attract private investment. Moreover, states could integrate PPP in their sports policies; some states such as Haryana and Madhya Pradesh are already utilising the potential of this model.



¹⁹ KPMG in India's analysis, 2016



Key issues and recommendations

Some key issues have been identified across the sports ecosystem in India, and a set of recommendations have been suggested to drive their resolution. The following table highlights these recommendations.

Segment of the ecosystem	Issue	Recommendations
Governance	Lack of accountability of sports federations	<ul style="list-style-type: none"> Assign goals and develop parameters to evaluate the effectiveness of their initiatives at the ground level
	Conflict of interest within the management	<ul style="list-style-type: none"> Delink politics from sports by restricting appointment of civil servants as officials at the IOA and national, state and district sports federations Encourage former sportspersons to join sports administration roles
Performance at sports events	Lack of a sports culture	<ul style="list-style-type: none"> Introduce sports as a mandatory part of the school curriculum to change the perception of sports as just a recreational activity, encouraging parents to allow children to play different games and explore this area Partner with foreign nations for long-term grassroots development for sports with potential talent Promote healthy living through sports such as running (marathons), swimming, etc.
	Low count of medals at multilateral events such as the Olympics	<ul style="list-style-type: none"> Follow a focussed approach targeting sports with high internal potential, such as badminton, boxing, shooting and wrestling Develop capabilities in medal intensive sports such as swimming
Infrastructure development	Limited involvement of the private sector	<ul style="list-style-type: none"> Incentivise involvement of private sector and non-profits organisations by providing monetary and/or tax incentives Promote the PPP model extensively through favourable policies and make it integral to the sports policy at state and central level
	Restrictive guidelines for availing the sports infrastructure creation grant under the 'Khelo India'	<ul style="list-style-type: none"> Instead of only allowing the CPWD, state PWD, central/state PSUs to construct sports infrastructure, a competitive bidding process involving the private sector can be used as well
Talent scouting and training	Lack of talent development at the base level	<ul style="list-style-type: none"> Encourage community participation for organising tournaments Increase awareness and provide mentorship to young talented children
Sports events	Profitability	<ul style="list-style-type: none"> Leagues and respective teams should invest in their businesses with a long-term view and focus on the basics i.e., promoting their sport and developing young talent

Source: KPMG in India's analysis, 2016



India has a long journey ahead on its path to developing a strong sports culture. It needs to begin at the base, and that is what will build the future. To achieve excellence in sports, the primary focus should be on developing an environment conducive to growth and development of sportspersons, just as it is for the ones that follow the path of academics. Significant improvements are required in governance, infrastructure and attitude towards sports to enable the younger generation to look at sports as a viable career option.



The background of the slide is a photograph of various sports equipment resting on a rustic wooden surface. In the upper right, there is a green tennis racket with a white mesh. Below it, a white baseball with red stitching is visible. To the right of the baseball is a large, brown leather American football. In the bottom right corner, a portion of a brown leather baseball glove is visible. On the left side, there are two overlapping circles, one teal and one orange. A colorful sneaker is positioned at the top left, with a trail of colorful dots following its path towards the center.

Sports market overview



Global overview

Over the years, sports has evolved as a noticeable sector for all economies, presenting myriad career as well as business opportunities. The scope of this sector varies globally. It includes several segments: sports infrastructure, sports events, training, goods manufacturing and retail. Moreover, the business of sports is not just limited to the mentioned avenues; it has far-reaching implications on the global economy due to its close association with other sectors, including education, real estate and tourism. Further, sports contributes significantly towards improving the overall health and well-being of a country.

In 2014, the global sports market was estimated at INR37.8–44.2 lakh crore (USD600–700 billion), accounting for approximately 1 per cent of the global GDP.²⁰ This includes sports events, sports goods, infrastructure, and fitness and training expenditure.

Global sports market size by key segments^{21,22}

Segment	Market Size (2014)
Sports events	INR5.1 lakh crore (USD80 billion)
Sports apparel, equipment and footwear	INR19.7 lakh crore (USD310 billion)
Sports clubs (fitness, health and sports training)	INR6.7 lakh crore (USD105 billion)
Infrastructure construction, food and beverage and betting	INR6.3–12.7 lakh crore (USD100–200 billion)
Total	INR37.8–44.2 lakh crore (USD600–700 billion)

Source: "Winning in the Business of Sports", A.T. Kearney, 15 February 2014

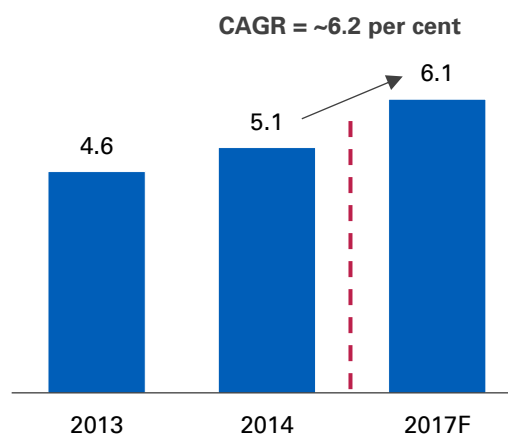
20 "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016

21 U.S. Dollar to Indian Rupee conversion done at 2014 yearly average rate of USD1 = INR63.469

22 "Yearly Average Currency Exchange Rates", Internal Revenue Service, 15 January 2016

The sports events market — which comprises of gate fee (ticket sales), sponsorship, broadcasting and media rights, and merchandise — accounted for approximately INR5.1 lakh crore (USD80 billion) in 2014. It is expected to grow at a Compound Annual Growth Rate (CAGR) of 4.6 per cent to INR6.1 lakh crore (USD 90.9 billion) by 2017.²³

Global sports events market size and growth (INR lakh crore, 2013–17F)



Source: "Winning in the Business of Sports", A.T. Kearney, 15 February 2014

Key revenue segments for sports events



Gate fee

Gate fee refers to the revenue generated from ticket sales for a sports event. This segment accounted for 27 per cent share in the global sports events market in 2013.²⁴ This share has gradually declined over the years due to lesser footfalls in stadia, and the rising costs of sponsorship and media rights, which eventually took up a larger share of the market pie.²⁵

23 "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016

24 "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016

25 KPMG in India's analysis, 2016



Sponsorship fee

Currently, sports events account for a large share of money spent globally on sponsorships. In North America, they are expected to generate approximately 70 per cent of the region's overall sponsorship revenue in 2016.²⁶ Moreover, sponsorship fees accounted for approximately 35 per cent share²⁷ in the global sports events market in 2013. There are five major segments of sports sponsorship — on-ground, team, franchise fee, athlete and on-air. Brands are increasingly leveraging new avenues across these segments to attract the attention of sports fans.

Broadcasting and media rights

Broadcasting and media rights emerged as a strong source of funding for sports events, including TV, internet and radio broadcasting rights. This segment accounted for approximately 35 per cent²⁸ of the global sports events market in 2013. It includes TV, internet and radio broadcasting rights.

Merchandise

Merchandise is a small, but high-potential revenue segment for the sports events market, of which it accounted for approximately three per cent share in 2013.²⁹ Merchandise sales are directly proportional to the engagement level of fans with sports, sportspersons and teams.³⁰ For example, merchandising, apparel and licencing revenue earned by the Manchester United Football Club was approximately INR280 crore³¹ (GBP31.6 million) in 2015. Hence, sports organisations — including franchises, clubs and even national teams — are increasingly making investments to attract a loyal fan base with the potential to lift their merchandise sales.

The India story

The country's sports sector is going through a significant transition. In February 2016, the government accorded an industry status to sports infrastructure³², which is expected to attract investments from the private sector, thereby not limiting its role to just Corporate Social

Responsibility (CSR) activities and non-profit organisations, such as Olympic Gold Quest.

Moreover, cricket continues to dominate Indian sports; however, advertisers, broadcasters and viewers have also increasingly gained interest in other sports, including kabaddi, football and badminton.³³

Following the Indian Premier League (IPL) model for cricket, several other sports franchises have sprung up in the past two to three years. Sports that have gained greater fame due to such league-based events include hockey, kabaddi, tennis, badminton and wrestling. These events have attracted more sportspersons, viewership, broadcasters and sponsors into the business of sports in India.

In 2015, the sports sponsorship market in India grew approximately 12.5 per cent year-on-year (y-o-y) to reach INR5,190 crore.³⁴ Cricket maintained its stronghold in sports advertising with 51 per cent share in on-ground sponsorship, 61 per cent in team sponsorship and 64 per cent in endorsements.³⁵ However, league-based events for other sports, such as football (Indian Super League) and kabaddi (Pro Kabaddi League) have propelled the interest of viewers and sponsors towards these sports.

Key trends driving the global sports sector

Rising importance of technology and data

Technology has gradually made its presence felt through applications across the entire value chain of sports business. Game officials use innovative technologies, such as the hawk-eye to project the path of a ball, and video refereeing to check and correct game-related decisions. After cricket, tennis and rugby, football is also set to introduce the video refereeing technology by 2017–18.³⁶ Broadcasters are increasingly using digital media to reach out to an increasingly tech-savvy audience through internet and mobile applications.³⁷ For example, from actually having a company-logo painted on the ground, sponsors

26 "Global Sponsorship Dollars Will Reach \$60 Billion In 2016", MediaPost, 14 January 2016

27 "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016

28 "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016

29 KPMG in India's analysis, 2016

30 KPMG in India's analysis, 2016

31 At a currency conversion rate of GBP 1 = INR 87.6077 as on 20 August 2016

32 "SPORTS INFRASTRUCTURE GETS INDUSTRY STATUS", The Pioneer, 23 February 2016

33 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

34 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

35 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

36 "Football's lawmakers approve live trials for video technology to aid referees", The Guardian, 5 March 2016

37 "A whole new ball game: how data and tech are changing sport", The Guardian, 9 April 2015



have also moved on to virtual advertising, in which a sponsor's logo appears to be on the ground (on TV) for a limited period of time.

Teams and franchises are also increasingly using data collected through various modes, such as social media and ticket sales, to analyse fans' behaviour. These efforts are aimed at increasing the merchandise sales and stadium attendance during matches.

Sportspersons have since long been leveraging technology to improve their performances and analyse opponents' games/strategies. Technological applications for the sports fraternity have become more specialised over the years — moving ahead from video replays (to analyse a sportsperson's gameplay) to smart equipment (such as jerseys, helmets and wearable devices). These smart devices are capable of relaying specific information on various kinds of parameters — including health, performance, technique and strength — to mobile devices through applications. These technologies are being used by sportspersons in different fields, including cyclists, swimmers, golfers, runners and tennis players.

Engagement through social media

Social media has rapidly grown to encompass a large share of the global population. With monthly active users (unique users in a month as of July 2016) to the tune of 313 million for Twitter and similar or higher numbers for other social networks, social media offers a significant base of fans to easily engage with.^{38,39}

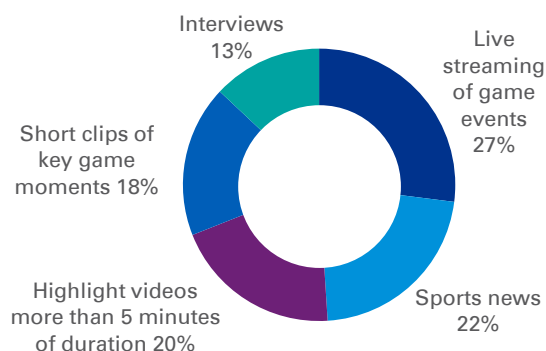
Like in other industries, social media is acting as a game changer in the sports sector too. It is working as a catalyst in harbouring the interest of fans globally. By engaging fans through social media, sports rights holders have discovered new communication channels with their audience that help them to increase the engagement level. This also helps in increasing the brand affinity and loyalty of customers. Moreover, a large number of sportspersons also use the medium to connect with their fans and endorse their brand affiliations.

Increasing online consumption of sports

Viewers are increasingly favouring online streaming of sports events over watching them on TV, as the online option gives them the flexibility of time and space.

Amongst the devoted sports enthusiasts globally, 45 per cent prefer viewing sports content online compared to 33 per cent who prefer the television medium. Also, 52 per cent of fans make use of a tablet or smartphone to access sports content while watching television.⁴⁰ This was evident in the recently concluded Rio Olympics — television viewership declined for the official broadcaster in the U.S., while online viewership registered a sharp increase.

Online consumption of sports content



Source: Know the fan: The Global Sports Media Consumption Report, 2014

Driven by a young digital audience, and rapidly increasing smartphone and internet penetration, India is also witnessing significant growth in online consumption of sports content. For instance, 60 per cent of the digital audience in India is within the age group of 13–35 years, which is also the primary target audience for short-format sports, such as Twenty20 cricket.⁴¹

To cater to this growing trend, several broadcasters have developed the required capabilities. For example, Star India launched Hotstar, its online content platform, a fortnight before the International Cricket Council (ICC) Cricket World Cup (CWC) 2015, and was successful in generating interest from its viewers. The cumulative viewership of ICC CWC 2015 for all 49 matches on Star India's online properties (starsports.com and hotstar.com) was 87 million.⁴²

38 "The Top 20 Valuable Facebook Statistics — Updated July 2016", Zephoria Digital Marketing, July 2016

39 "By The Numbers: 170+ Amazing Twitter Statistics", DMR, 31 July 2016

40 "10 Stats to Help You Increase Sports Fan Engagement", Scribble Live, 19 February 2014

41 "India Experiences Higher Consumption of Digital Sports Content", Advertising Age India, 9 June 2016

42 "India World Cup matches deliver a boost for Star's Hotstar app", Live Mint, 21 April 2015



Moreover, Hotstar's viewership base expanded from 41 million at the end of IPL 2015 season to 100 million during IPL 2016 season.⁴³ Also, Sony LIV — the online content delivery platform owned by Sony Pictures Networks (SPN) — aired UEFA Euro 2016 (July 2016) in India and seven other Asian countries.

Growing female viewership

There has been an upsurge in global female viewership for sports events. For example, female viewership for the National Football League (NFL) (at 26 per cent in 2014) has grown at a faster pace compared with male viewership (18 per cent growth in 2014).⁴⁴ Further, it has been observed globally that apart from watching the game, female fans follow it over second screens for game-related activities, majorly on social media. This trend is gaining traction, and sponsors and broadcasters could capitalise on this.

In India too, sports viewership is no longer male dominated, as females and kids comprise a significant portion of the viewership pie. The ninth season of the IPL (2016) had 41 per cent of its viewers as females (including rural).^{45, 46} In the first season of ISL, approximately 57 per cent of the total 429 million viewers were women and children.⁴⁷ Similarly, this demographic accounted for about one-half of the total viewership in the second season of PKL.⁴⁸

Female viewership — Indian sports leagues

Indian Premier League (2016)
41 per cent females

Hockey India League (2014)
35 per cent females

Pro Kabaddi League (2015)
39 per cent females; 50 per cent including children

Indian Super League (2014)
57 per cent women and children

International Premier Tennis League (2014)
38 per cent females

Source: Advertising Age India, Star TV, exchange4media, Firstpost, "India Sports Sponsorship Report", Group M-Sportz power, 2015

43 "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

44 "The NFL Is Growing Only Because of Women", Bloomberg Business, 26 September 2014

45 "121 million viewers tuned in for IPL 9 final", The Economic Times, 10 June 2016

46 "SPN's sports cluster will grow by 15-20% this year: Prasanna Krishnan", exchange4media, 27 June 2016

47 "Indian Super League viewership surpasses FIFA World Cup", The Economic Times, 31 December 2014

These trends clearly show that broadcasters and sponsors need to modify their strategies to cater to the increasing number of female viewers. A few advertisers and sponsors have already started capitalising on these trends. For instance, Zivame, an online lingerie store tied-up with U Mumba, a Pro-Kabaddi team, to support a cause outlining the need to safeguard the dignity of women.⁴⁹ It is anticipated that other female-oriented brands could follow suit.

Teams and sports associations are also cognisant of the fact and are trying to attract the attention of female viewership and fandom. In fact, parallel tournaments are being organised for women in cricket and football; for example, the ICC Twenty20 Cricket World Cup was held in parallel for both men and women teams. Several teams are also planning to establish sports academies for women. Gauging the market enthusiasm, this trend of women following and playing sports is likely to stay.

India-specific developments

Increasing viewership, sponsorship and participation in sports other than cricket

While cricket dominates the sports market in India, the country has also embraced other sports with much zeal and enthusiasm. Following the footsteps of the Board of Control for Cricket in India (BCCI), several sports federations and private organisations have contributed in the development of league-based tournaments — capitalising on the IPL model.

During 2013–15, eight major league-based sports tournaments were launched; these include ISL, PKL, Premier Badminton League (PBL) and Hockey India League (HIL). While some of these events tasted instant success, others fell short of gaining adequate traction among viewers, advertisers as well as broadcasters. PKL and ISL witnessed amazingly high cumulative viewership (TV) of 435 million and 429 million, respectively, over their inaugural seasons in 2014.^{50, 51} These numbers almost match up to their eldest sibling (i.e. IPL), which had 552 million viewers in its 2014 season.⁵²

48 "Pro Kabaddi League shows 45 percent rise in TV viewership in second season", Firstpost, 31 July 2015

49 "U MUMBA COLLABORATES WITH ZIVAME TO SALUTE THE 'DIGNITY OF WOMEN'", This Week Bangalore, 5 August 2014

50 "Pro Kabaddi league viewership second only to IPL", The Hindu, 15 September 2014

51 "Indian Super League was watched by 429 million on TV according to TAM data", The Times of India, 30 December 2014

52 "Pro Kabaddi league viewership second only to IPL", The Hindu, 15 September 2014



Moreover, in 2015, TV viewership of PKL and ISL grew 20 per cent and 26 per cent, respectively.⁵³

Sponsorship money raised by other sports is also on the rise. On-ground sponsorship in 2015 increased to a noteworthy 300 per cent in kabaddi, 91.6 per cent in football, 53.5 per cent in marathons and 32 per cent in tennis.⁵⁴ ISL was able to double its central sponsorship pool from the first season in 2014 to the second in 2015 — earning approximately INR100 crore.⁵⁵ PKL also generated a sponsorship revenue of INR45 crore for its broadcaster and investor Star India.⁵⁶

Such sports event leagues have brought limelight to talented sportspersons who were largely going unnoticed. Moreover, the amount of money that sportspersons earn, serves as encouragement for several players to pursue a career in sports.

Growth in rural viewership numbers

Regional games packaged in interesting league formats have been successful in garnering rural viewership as well. Broadcast Audience Research Council (BARC) India reported that the rural contribution to the number of impressions was as high as 45 per cent in the sports genre.⁵⁷ This trend is consistent across new sports leagues as well. For example, ISL Season 2 garnered 47 per cent of its viewership from rural areas, with 210 million out of 447 million TV Viewership in Thousands (TVTs) coming from the rural markets.⁵⁸

High levels of interest in rural areas is indicative of the latent potential in rural sports offering. With Star India placing its hope on kabaddi and Sony Pictures Network (SPN) on wrestling, the broadcasters too are vying to woo the rural viewership. The interesting part here is that they are trying to present these predominantly rural sports with an urban packaging, and have seen significant traction.⁵⁹

Rising number of sports start-ups

India has witnessed the entry of multiple start-ups in sports over the past few years; these include companies involved in sports infrastructure, data/content aggregation, education and training, online retail, technology and online ticket-booking.

While start-ups, such as Smaaash Entertainment and Kick, provide experiential infrastructure for

playing outdoor games in an indoor environment, online aggregators — Fitternity and Fitpass — help people search for fitness training centres in their location. Online sports retail segment is also witnessing a surge in start-ups, which include Mahesh Bhupathi- and Yuvraj Singh-backed Sports365.in.⁶⁰ Another area of high entrepreneurial interest is sports technology, wherein companies, such as SlamdunQ and Fantain, use data analytics to help athletes improve their performance, and allow teams and franchises to measure fan engagement to build stronger relationships.

India is also likely to witness a continued growth through start-ups in the sports sector, as the market is still in its nascent stage.⁶¹



⁵³ "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

⁵⁴ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

⁵⁵ "ISL season preview: Central sponsorship doubles to Rs 100 cr as 2015 promises better football, bigger battles", Firstpost, 3 October 2015

⁵⁶ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

⁵⁷ All India BARC Data for Week 41, 2015 to Week 7, 2016

⁵⁸ "Three most promising greenshoot sporting leagues in India", The Economic Times, 9 December 2015

⁵⁹ KPMG in India's analysis, 2016

⁶⁰ "Sports startups are trying to change the game", The Times of India, 3 April 2016

⁶¹ KPMG in India's analysis, 2016



Indian sports ecosystem: Governance and challenges





Key components of the Indian sports ecosystem

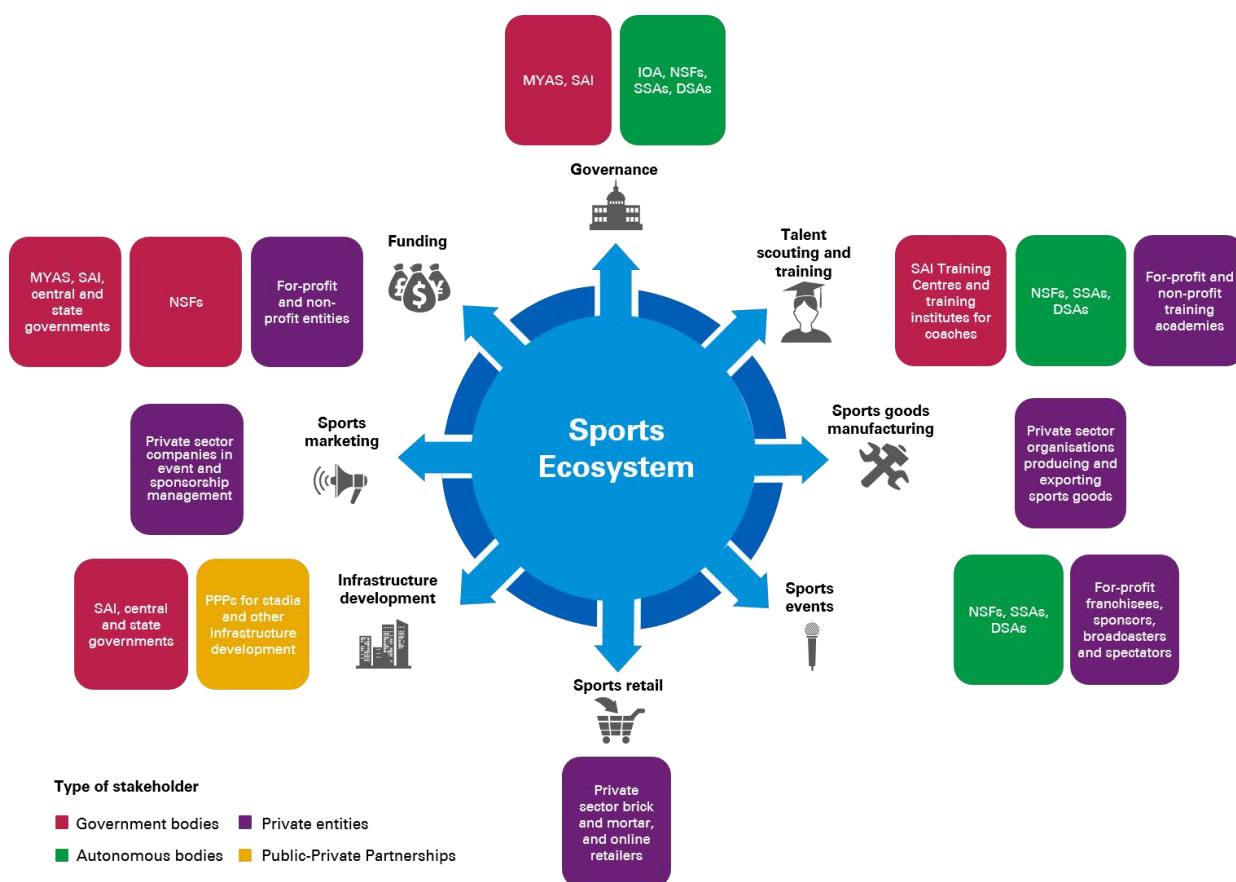
The Indian sports ecosystem comprises of stakeholders from a wide range of fields, including governance, sports events, manufacturing, retail, infrastructure development, talent scouting and training, and sports marketing.

The Ministry of Youth Affairs and Sports (MYAS) and the Sports Authority of India (SAI) are key stakeholders of the Indian sports ecosystem. These government bodies are involved extensively in governance, funding, talent scouting and training (of players as well as coaches), and infrastructure development. The autonomous bodies — Indian Olympic Association (IOA), National Sports Federations (NSFs), State Sports Associations (SSAs) and District Sports Associations (DSAs) — play a major role in organising and managing sporting events, and talent scouting and training.

On the other hand, sports goods manufacturing and retail, and sports marketing activities (such as events and sponsorship management) are solely under the private sector. Private for-profit and non-profit organisations also play an important role in training, funding and infrastructure development through Public-Private Partnerships (PPPs).

Another key stakeholder, although not involved in the governance or management of sports, is the 'sports fan'. Fans bring life to a sport, and are key to earning sponsorships, media rights, as well as selling merchandise.

Sports ecosystem of India



Source: KPMG in India's analysis, 2016

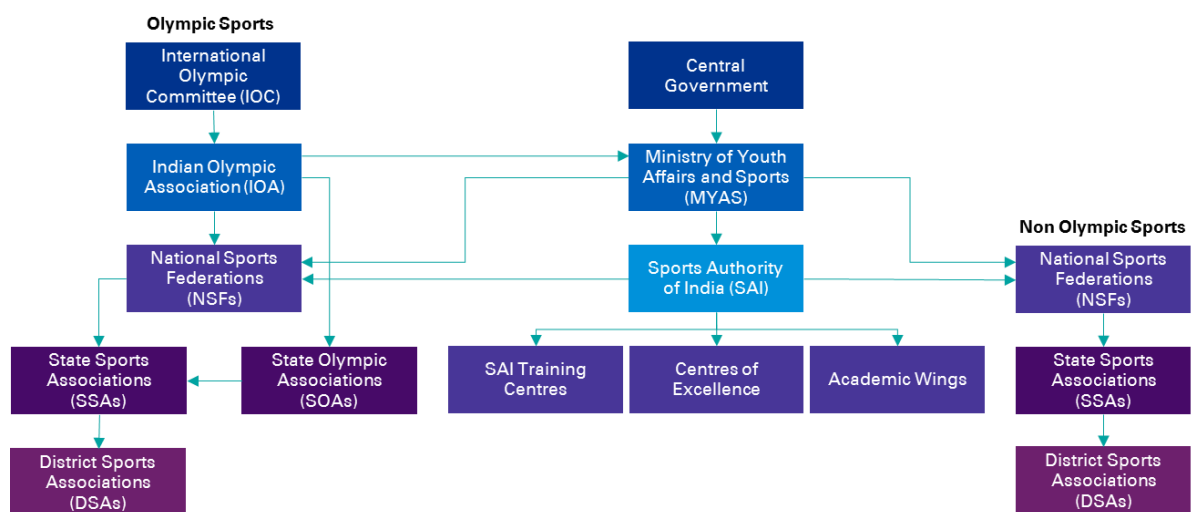


Governance structure

Sports in India are governed and managed jointly by government organisations at the centre and state levels, along with autonomous federations and associations. There are two apex bodies which govern sports in India — MYAS and IOA. MYAS governs sports primarily through SAI, which is responsible for promoting various sports disciplines (Olympic and non-Olympic), implementation of government schemes and managing training centres and other sports infrastructure. On the other hand, IOA governs the Olympic sports by overseeing NSFs. The involvement of the government is high in sports governance in India, while that of the private and non-profit institutions is limited. Also, the government provides financial support to NSFs and sportspersons, and thus, seeks accountability as well.⁶²



Sports governance in India



→ Body at the arrow end reports to/affiliated with the body at other end

Source: KPMG in India's analysis, 2016

62 National Sports Development Code, The Ministry of Youth Affairs and Sports, 2011



Roles and responsibilities of major governing entities

Governing body	Key responsibilities
Ministry of Youth Affairs and Sports (MYAS)	<ul style="list-style-type: none"> The Department of Sports at MYAS develops infrastructure and builds capacity to help produce quality athletes to represent India at international events Introduces and implements policies (for example, the National Sports Development Code) for NSFs and other entities involved in sports governance Launches and manages sports development programmes and schemes, such as the Scheme of Assistance to National Sports Federations and National Welfare Fund for Sportspersons Determines the guidelines for recognition of NSFs, the scale of assistance to be provided to them, conditions for their eligibility to receive government funding and release of funds to IOA.
Sports Authority of India (SAI)	<ul style="list-style-type: none"> Carries out MYAS' objectives Promotes sports in India, and maintains and utilises stadia, including the Jawaharlal Nehru Sports Complex, Major Dhyan Chand National Stadium and Indira Gandhi Sports Complex Releases funds to NSFs and supports them in identifying and training sportspersons, provides infrastructure and equipment, and any other assistance as per the government guidelines Runs schemes, such as SAI Training Centres (STC) Scheme, National Sports Talent Contest (NSTC) Scheme and Army Boys Sports Companies (ABSC) Scheme Manages and runs two academic wings — Netaji Subhas National Institute of Sports (NSNIS), Patiala and Lakshmibai National College of Physical Education (LNCPE), Thiruvananthapuram — to produce competent coaches, sports scientists and physical education teachers.
Indian Olympic Association (IOA)	<ul style="list-style-type: none"> IOA is affiliated with the International Olympic Committee (IOC), Olympic Council of Asia (OCA) and the Commonwealth Games Federation (CWF) Manages the preparation and participation of sportspersons in international sports events, including the Olympic Games, Asian Games, South Asian Games and Commonwealth Games Receives facilitations from NSFs of each Olympic sport and other institutions, such as the NSNIS Organises the National Games that is typically conducted every two years Liaises with the Government of India for financial support, governs NSFs, and also promotes Olympic sports in the country.
National Sports Federations (NSFs)	<ul style="list-style-type: none"> NSFs are typically affiliated with international bodies representing their respective sport; NSFs of Olympic sports also need to abide by the guidelines set by IOA and those of the Olympic Charter of IOC Promote their respective sports across the country, for which SSAs and DSAs assist them Scout for talented sportspersons, support their training, and organise tournaments and championships within their respective jurisdictions Facilitate participation of Indian sportspersons at international events for their respective sports.

Source: "National Sports Development Code", The Ministry of Youth Affairs and Sports, 2011, Sports Authority of India website, www.sportsauthorityofindia.nic.in, accessed as on 15 August 2016, Indian Olympic Association website, www.olympic.ind.in, accessed as on 15 August 2016



Functioning of NSFs

The autonomous roles that NSFs play make them highly crucial for the development of sports in the country. While they exercise independence in functioning, they also bear the responsibility for a sport's popularity. Therefore, even though NSFs are autonomous bodies, the government oversees their operations, as they represent India on the international stage. The government seeks accountability from NSFs to ensure that they perform their duties responsibly; it is ascertained through an annual review of their accounts and activities performed towards promoting their respective sports. This annual recognition is mandatory for federations seeking the ministry's assistance, which includes funds for promoting the sport and organising championships, and relaxations in custom duties for procuring sports equipment. However, the federations not availing grants from the government (for example, BCCI) are eligible to receive permanent recognition instead of annual recognition.⁶³

NSFs play a pivotal role in developing a sport

On one hand, there is the BCCI, which has led Indian cricket to soaring heights, and on the other hand are hockey, karate and gymnastics (to name a few), which have suffered due to their federations being plagued by governance issues, including factionalism.⁶⁴ However, the future does seem bright — with several sports having their own league-based events in India. These include football, tennis, badminton and kabaddi. In fact, kabaddi is a classic example of how a sport can rise quickly from being perceived as just a rural sport to one that gained the interest of millions of fans, including women and children, both in rural and urban areas.

Case study: How Amateur Kabaddi Federation of India (AKFI) helped raise kabaddi to international fame

Kabaddi is an ancient game, generally popular in the South Asian region. In India, it was highly popular in a few states, including Punjab, Haryana, Maharashtra, Tamil Nadu and Andhra Pradesh. However, it has now gained inroads into the whole country with massive viewership numbers that have only gone north since approximately 435 million people watched the first season of Pro Kabaddi League (PKL) in 2014.

Although it was PKL — promoted by Mashal Sports and Star India — that sensationalised kabaddi and made it immensely popular within a couple of years, it was the national and international federations of the sport that had been making consistent efforts to promote kabaddi globally for many decades. As a result of the efforts of the AKFI, the International Kabaddi Federation (IKF) and the Asian Kabaddi Federation (AKF), the game found a place in the Asian Games in 1990, the Asian Indoor Games in 2007 and the Asian Beach Games in 2008. Moreover, the Indian team has won the gold medal five times (2004, 2007, 2010, 2011 and 2013) in kabaddi world cups and seven times at all the Asian Games during 1990–2014. This stellar performance at international events can also be partially credited to AKFI's good governance.

AKFI, IKF and AKF also extended their support when cricket commentator Charu Sharma- and industrialist Anand Mahindra-backed Mashal Sports was trying to establish PKL. Any effort to promote a sports league in the country should have a formal partnership with the relevant national federation.

Source: KPMG in India's analysis, 2016, "How Star turned Kabaddi into a TRP Jackpot", Afaqs, 9 March 2016, Official website of Amateur Kabaddi Federation of India, www.indiankabaddi.org, accessed as on 15 August 2016, "Why the Indian kabaddi team is the most successful in the world", Sportskeeda, 27 November 2015

⁶³ National Sports Development Code, The Ministry of Youth Affairs and Sports, 2011

⁶⁴ "Tennis Federation remains derecognised", The Times of India, 16 March 2016



Key challenges faced by the Indian sports ecosystem

As the sports sector in India is governed by both the central and state governments, it is often hampered by bureaucracy and politics. This is majorly due to low level of private sector involvement in sports development in India — except in cricket. Many federations are highly dependent on government funding for carrying out their key objectives, such as organising championships, procuring equipment and training sportspersons. The current model of sports governance not only breeds inefficiencies; issues around irregular activities have also been reported in the past.

The following points elaborate on a couple of pressing concerns regarding sports governance in India:

Lack of accountability of sports federations

In the recent past, India has witnessed several cases of non-compliance by sports federations. These include a ban imposed on the IOA by the IOC for appointing corruption-tainted officials at the helm. Imposed in December 2012, the ban was lifted in February 2014, when IOA conducted fresh elections.⁶⁵

Several sports federations have been engrossed in a battle for national recognition, which proves to be detrimental for sportspersons as well as the country's standing on the international stage. For example, the Indian Hockey Federation (IHF) and Hockey India (HI) were involved in a seven year long battle for recognition that only ended in September 2015 when the Court of Arbitration for Sports (CAS) announced its verdict that allowed HI to retain its status as Hockey's national body in India.^{66, 67} Similarly, karate is currently going through a situation wherein the Karate Association of India (KAI) and the All India Karate Do Federation (AIKF) are undergoing a legal battle for recognition, but none of them have received recognition for the calendar year 2016. Tennis, gymnastics, basketball and judo federations were also excluded from the list of recognised NSFs for the year 2016 due to non-compliance with the National Sports Development Code (NSDC) of India. The most common reasons for NSFs getting

derecognised have been observed to be irregularities in conducting elections, and non-compliance with the tenure and age restrictions of the office bearers.⁶⁸

In light of these, and several other such incidents, the government and the courts of law need to take greater responsibility for cleaning up the system. While autonomy of federations is essential to provide an environment that allows for unrestricted growth (as has been in the case of cricket), it is also necessary to hold the federations accountable for their actions (or inactions) as they represent India at international sporting events.

Conflict of interest within the management

Many sports federations are not headed by sports persons but often by people involved in politics as well. In 2015, more than one-half of the recognised federations had politicians at the helm.⁶⁹ The major reason for this is understood to be sports' potential to provide a strong connect with the public. However, this may create a conflict of interest wherein the people who are responsible for the development of a sport in autonomy, may also have close connections with policymakers. This allows for mismanagement to creep in sports governance.

It is imperative that sports is delinked with politics, both formally and informally. In July 2016, the Supreme Court of India took a significant step towards improving sports governance; it accepted major recommendations of the Lodha Committee on BCCI's governance. These included a bar on appointment of civil servants and ministers in the country's apex body on cricket. Thus, better governance guidelines can improve efficiencies in the system.

⁶⁵ "India Olympics ban lifted after new officials elected", BBC News, 11 February 2014

⁶⁶ "The end of a battle", The Hindu, 21 September 2015

⁶⁷ "CAS dismisses IHF plea, rules in favour of Hockey India", The Times of India, 19 September 2015

⁶⁸ "Irregularities in Sports Bodies", Press Information Bureau, 3 March 2015

⁶⁹ "Government is a spoilsport", The Hindu, 30 January 2015



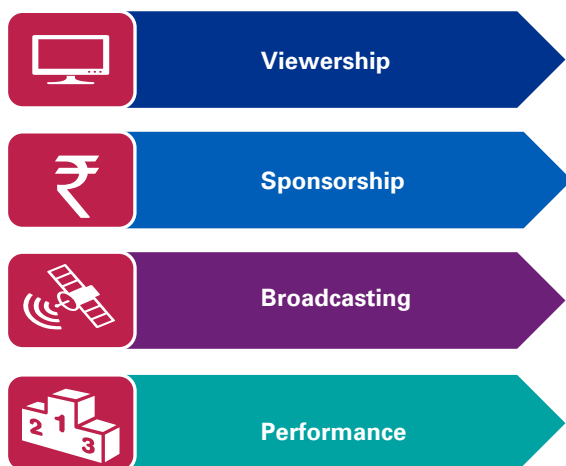
India in sports: Key metrics of success





A country can assess its progress in sports on the basis of four key parameters. These include performance at international sporting events, sports viewership numbers, broadcasters' interest in carrying and buying sports properties, and investments in marketing or sponsorship money in the system.

Key metrics of success in sports



Source: KPMG in India's analysis, 2016

Viewership

Over the two year period between 2014 and 2015, sports viewership in India grew 30 per cent on the back of various sporting events, including the ICC Cricket World Cup, IPL, PKL and ISL.⁷⁰ World Wrestling Entertainment (WWE) is another programme that has a significant fan base in India. Indians are increasingly following several sports apart from cricket — indicating a drive towards becoming a multi-sport nation.

Cricket vs everything else

The 2015 ICC Cricket World Cup was watched by a cumulative 635 million Indians until India lost the semi-final match against Australia.⁷¹ In 2016, this was followed by the ICC World Twenty20, which witnessed a cumulative viewership of 730 million.⁷² Moreover, IPL's 2016 season garnered

347 million viewers, a 22 per cent growth over the previous season. As a result of IPL's massive returns, the incumbent official broadcaster Sony Pictures Networks (SPN) India is keen on continuing its association with the mega league after its initial contract expires in 2017.⁷³

On the other hand, there are other sports, including football, kabaddi, badminton, hockey and tennis, which have grown on cricket-crazy Indians after the introduction of their respective leagues. Of these, football and kabaddi took off really well, evident from the viewership numbers they have earned. In their inaugural seasons in 2014, about 435 million viewers tuned in to PKL and 429 million watched ISL.^{74, 75} These numbers are comparable to IPL's viewership of 552 million in the same year.⁷⁶ According to Star Sports, PKL's viewership grew 51 per cent on a cumulative basis, over its four seasons conducted so far.⁷⁷ Pro Wrestling League (PWL) pulled off a surprise debut by garnering an impressive average daily reach of 31 million viewers in December 2015.⁷⁸ Even the stadium attendance soared at these events. The average attendance at ISL's first season was 24,357, only below three of the world's biggest football leagues — Germany's Bundesliga, Spain's La Liga and the English Premier League.⁷⁹ Similarly, PWL appealed to the audiences in Himachal Pradesh, Chandigarh, Punjab and Haryana, leading to an impressive stadium occupancy of over 90 per cent in north India.⁸⁰

Another evidence of India's growing interest in other sports is provided by the impressive viewership ratings achieved by the recently concluded Rio Olympics — despite the odd hours. According to data provided by Broadcast Audience Research Council (BARC) India, the opening ceremony (which kicked off at 4:00 a.m. IST on 6 August 2016) got 0.5 million impressions across all the nine channels (including Doordarshan and eight-channel bouquet from the Star India network) it was broadcast on.⁸¹ Also, according to Zapr, an analytics company, 5.6 million viewers in India tuned in live for the ceremony and 6.1 million watched its repeat telecast later in the day.⁸² The viewership spiked when Indian athletes were on — 14.4 million

⁷⁰ "Sony looks for playing fields beyond IPL", SmartInvestor.in, 11 February 2016

⁷¹ "ICC World Cup is biggest ever on Indian television", The Hindu, 2 April 2015

⁷² "ICC T20 World Cup was watched by 730 million viewers in India", The Economic Times, 18 April 2016

⁷³ "Sony makes move to retain IPL's TV rights", The Indian Express, 3 June 2016

⁷⁴ "Pro Kabaddi league viewership second only to IPL", The Hindu, 15 September 2014

⁷⁵ "Indian Super League was watched by 429 million on TV according to TAM data", The Times of India, 30 December 2014

⁷⁶ "Pro Kabaddi league viewership second only to IPL", The Hindu, 15 September 2014

⁷⁷ "Pro Kabaddi records rise viewership for fourth straight season", The Indian Express, 13 August 2016

⁷⁸ "Pro Wrestling League is season's 2nd most-watched non-cricket tournament", Business Standard, 1 February 2016

⁷⁹ "How India's ISL became world football's fourth biggest league", The Guardian, 23 December 2014

⁸⁰ "Pro Wrestling League is season's 2nd most-watched non-cricket tournament", Business Standard, 1 February 2016

⁸¹ "India looks beyond cricket, Olympics viewership a game changer", The Financial Express, 20 August 2016

⁸² "Rio Olympics: Indian athletes receive highest viewership", Zapr, 11 August 2016



viewers were recorded during India's first hockey match and 15.4 million just an hour later when Indian tennis stars Leander Paes, Rohan Bopanna and Sania Mirza played their initial matches.⁸³

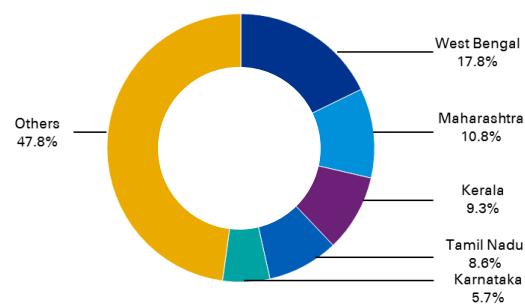
The encouraging viewership numbers for non-cricket sports in India indicate an all-inclusive rise in sports consumption.

International sporting events also garner healthy acceptance in India

India has an impressive fan following even for sports that have very low representation from the country. WWE is one such example; the programme is aired on Ten Sports network which has enhanced the channel's popularity consistently. The programme's average weekly viewership (per 1,000 minutes of WWE telecast) rose from 5.7 Gross Rating Points (GRPs) in 2012 to 9.2 GRPs in 2015.⁸⁴ Moreover, in January 2016, thousands of WWE fans flocked to the Indira Gandhi Indoor Stadium, New Delhi to watch the WWE event live.

The recently concluded UEFA Euro Cup had 50.1 million viewers tuned in during the group matches held between 11 and 23 June 2016; these numbers were achieved despite the late night timings for the Indian audience.⁸⁵

Indian viewers of 2016 UEFA Euro Cup — by state



Source: "UEFA Euro 2016 | Group matches: 50.1 million viewers tune in", Zapr, 27 June 2016

Moreover, in 2014, the FIFA World Cup witnessed a viewership of 55 million, out of which 32 million were men and 23 million were women.⁸⁶

The viewership for basketball as a game has also jumped from almost nothing to 50 million in the

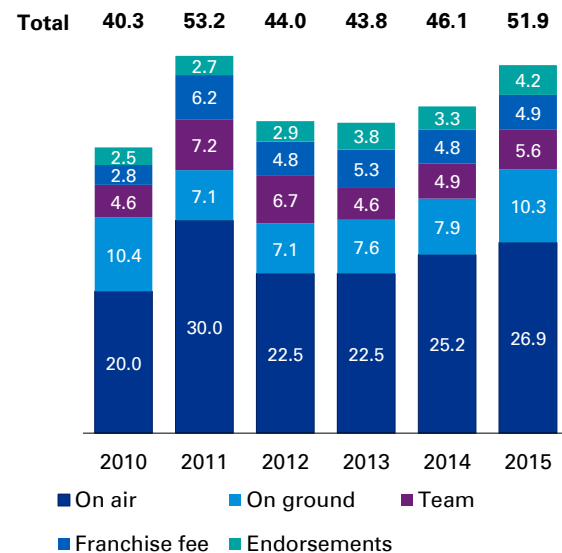
last two to three years.⁸⁷ Basketball infrastructure available in urban areas is developing, and is attracting female attention too; NBA saw a high female viewership of about 35 per cent in India.⁸⁸

Sponsorship

Sponsorship in sports primarily comprises five segments — on-ground, team, franchise fee, sportspersons/endorsements and on-air. In 2015, the overall sports sponsorship market in India grew approximately 12.5 per cent to INR5,190 crore.⁸⁹

On air sponsorship has consistently accounted for the bulk (52 per cent in 2015) of total sports advertising in India. It grew 6.7 per cent in 2015, and the rising popularity of several league-based tournaments, such as Indian Super League (ISL), Pro Kabaddi League (PKL), Pro Wrestling League (PWL) and Hockey India League (HIL) drove the results. Also, on ground sponsorship witnessed a stark rise of approximately 30 per cent y-o-y in 2015 — driven by football and kabaddi, wherein on ground sponsorship rose by 91.6 per cent and 300 per cent, respectively.⁹⁰

Indian sports sponsorship market — by segment (INR'00 crore, 2010–15)



Source: "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

⁸³ "Rio Olympics: Indian athletes receive highest viewership", Zapr, 11 August 2016

⁸⁴ "Ten Sports undisputed leader in sports TV viewership courtesy WWE", Indiantelevision.com, 19 July 2015

⁸⁵ "UEFA Euro 2016 | Group matches: 50.1 million viewers tune in", Zapr, 27 June 2016

⁸⁶ "40% of FIFA World Cup's desi TV audience were women", The Times of India, 25 July 2014

⁸⁷ "NBA eyes India as part of global drive", Channel News Asia, 16 May 2015

⁸⁸ "National Basketball Association launches online store to promote brand in India", Business Standard, 6 May 2014

⁸⁹ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

⁹⁰ "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

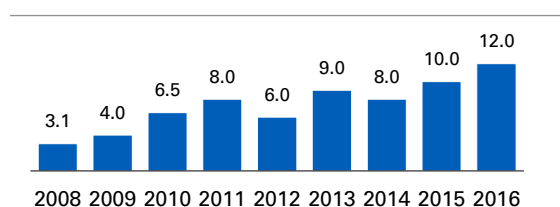


Cricket continues its dominance

In 2015, cricket maintained its stronghold on Indian sports advertising with a 51 per cent share in on-ground sponsorship, 61 per cent in team sponsorship and 64 per cent in endorsements.⁹¹ The biggest cricketing event — the ICC Cricket World Cup, which is expected to have earned Star India (the official broadcaster) approximately INR600 crore from sponsorships drove the market. Spot rates for a 10 second slot during marquee India games were estimated to have hit a new high — at INR25 lakh for the India–Pakistan match and INR15 lakh for the India–Australia semi-final. However, with India crashing out in the semi-final and the World Cup being played in Australia and New Zealand, the revenues did not match up to Star India's expectations of INR850 crore.⁹² Nonetheless, IPL made up for what was lost in the World Cup.

The mega-event raked in INR1,000 crore for the broadcaster SPN in its eighth season in 2015.⁹³ Moreover, in the 2016 season, IPL is estimated to have earned SPN INR1,200 crore — a sizeable 20 per cent increase.⁹⁴ Even though the broadcaster had raised ad rates by about 20 per cent for the ninth season of IPL, it managed to close 90 per cent of its ad inventory as early as a month before IPL started.^{95, 96}

Revenue generated by SPN from IPL (INR'00 crore, 2008–16)



Source: "IPL 9: With over 80 sponsors, it's carnival time for brands", exchange4media, 5 May 2016



Sponsors betting beyond cricket

As India continues its journey from being a single-sport nation to a multi-sport one, sponsors are also pouring money to that effect. Leagues and teams associated with other sports, including football, kabaddi, hockey, tennis, badminton and wrestling, have raked in significant money in the past couple of years.

The number of central sponsors for ISL rose from 10 in its 2014 season to 18 in the next one, doubling the amount of central sponsorship to INR100 crore in 2015.^{97, 98} Primarily due to ISL, the on-ground sponsorship for football skyrocketed at the rate of 91.6 per cent in 2015 to INR114 crore. Moreover, team sponsorships in football rose 64.2 per cent in 2015 to INR99 crore, after having grown 227 per cent the previous year.⁹⁹ India is also set to host the Fédération Internationale de Football Association (FIFA) U-17 World Cup in 2017, which would be India's first opportunity to host a FIFA tournament; the World Cup is also likely to attract a significant amount of sponsorship.¹⁰⁰ Further, in 2015, PKL generated a revenue of INR45 crore (in its second season) for its broadcaster and investor Star India; this was expected to go up to INR70 crore in its fourth season in 2016.¹⁰¹

The trend is likely to strengthen further with other leagues, including Pro Wrestling League (PWL), Premier Badminton League (PBL) and International Premier Tennis League (IPTL), also gaining momentum. Moreover, it is not just cricketers who are making big money through endorsements; other sportspersons, such as shuttler Saina Nehwal, boxer Mary Kom and tennis player Sania Mirza, have also benefitted. These three alone accounted for 40 per cent of the total endorsements showered on non-cricketers in 2015.¹⁰² It is likely that the new Olympic medalists Sakshi Malik and P V Sindhu would also join the club, indicating a healthy trend for Indian sports.

91 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

92 "With World Cup viewership worse than 2011 edition, Star misses Rs 850-crore ad target", The Economic Times, 6 April 2015

93 "IPL 9: With over 80 sponsors, it's carnival time for brands", exchange4media, 5 May 2016

94 "IPL 2016: Viewership Grows, Advertisers Multiply & Ad Revenue Reaches the Highest Ever", Advertising Age, 6 June 2016

95 "IPL 2016: Viewership Grows, Advertisers Multiply & Ad Revenue Reaches the Highest Ever", Advertising Age, 6 June 2016

96 "Sony closes 90% of its ad inventory for ninth season of IPL", The Financial Express, 3 March 2016

97 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

98 "ISL season preview: Central sponsorship doubles to Rs 100 cr as 2015 promises better football, bigger battles", Firstpost, 3 October 2015

99 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016

100 "Lalpekhlu: Hosting the U-17 World Cup is a golden opportunity", FIFA, 3 June 2016

101 "Pro Kabaddi League signs on 11 sponsors for season 4", Livemint, 27 June 2016

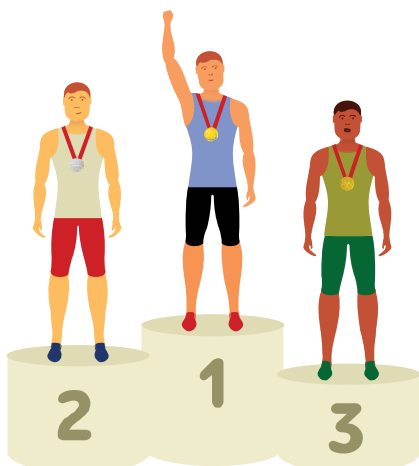
102 "Sporting Nation in the Making-III", ESP Properties – SportzPower, 6 April 2016



Corporates bank on sports sponsorships to build brands

As a category of sponsorship portfolio, sports is considered a good brand building and consumer engagement platform. The recently concluded Rio Olympics witnessed an upsurge in sponsorships from brands, including Amazon and Amul. Several brands are increasingly leveraging sports for their high viewership potential; however, some specifically do it because they intend to create an association between sports and their products. For example, R S Sodhi, Managing Director, Amul, believes that sports sponsorships are appropriate for their brand because milk is a natural source of energy and that is what sportspersons need.¹⁰³

The scope of brand visibility provided by sports events is unmatched. Hence, the Indian sports arena has witnessed a host of loyal sponsors, such as Sahara India Pariwar and Hero Motocorp. Sahara sponsored the Indian team for over a decade until December 2013. It also invested in Pune Warriors, a former IPL team.¹⁰⁴ Similarly, Hero Motocorp has utilised sports as a medium for 'intense' brand building in the Indian as well as global markets. It has sponsored IPL teams — Delhi Daredevils and Mumbai Indians, and is also the title sponsor of ISL and HIL.¹⁰⁵ A leading digital wallet and e-commerce player also gained significant traction with its internet-savvy target group of youngsters through its investments in 2015 ICC Cricket World Cup. As a result, the company decided to commit INR500 crore over 2015–19 to the sports category, and is likely to target upcoming leagues in the country.¹⁰⁶ A classic example of brand building through sports sponsorships is provided by Emirates Airlines.



Case study: How Emirates utilised sports sponsorships for brand building

Emirates has consistently and effectively used sports sponsorships to build its brand's image and credibility by telling the story right. They have a strong sports portfolio globally, which includes football, cricket, rugby, baseball and motor sports. As of early 2015, the company's annual budget for sports sponsorships was estimated at INR2,150 crore (USD320 million) — nearly one-half of its overall annual marketing budget.

The company currently sponsors major football teams, including AC Milan, Real Madrid, Paris Saint-Germain and Arsenal. It also has a football stadium to its name. In cricket, Emirates has a deal with the International Cricket Council (ICC), which gives it a presence at all international matches through umpires' uniforms. It is also a global partner with Formula One, and sponsors over 15 events in golf. Emirates goes a step further than simply putting money to get its logo flashed on TV; it also engages with sports fans around the world — a huge, passionate target group in itself.

Emirates' flight attendants often perform on the playing fields, engaging fans through a safety demonstration and game moves. Emirates' strategy lies in uniform deals, as they provide a 'human link'. According to Boutros Boutros, DSVP Corporate Communications, Emirates, sportspersons wearing a logo on their uniform creates a much more powerful messaging for fans than a sign board in a stadium would do. Moreover, the company ventures in sports advertising when it launches new flight routes and locations; for example, it sponsored New York Cosmos, a famous football team when it entered the key U.S. markets.

Source: KPMG in India's analysis, 2016, "Emirates bets on \$17m on sport advertising spend", The Sydney Morning Herald, 31 January 2015, "Video: How Emirates builds its brand through sports", Bangalore Aviation, 11 August 2016, "Does the Emirates sport sponsorship strategy fly?", Wallblog.co.uk, 22 October 2013

¹⁰³ "Corporate sponsors ride Olympics wave as other sports gain traction", The Economic Times, 6 August 2016
¹⁰⁴ "Star wins Indian team sponsorship rights", ESPN Cricinfo, 9 December 2013

¹⁰⁵ "Four Brands that are Promoting Sports Beyond Cricket in India", Advertising Age, 15 November 2015
¹⁰⁶ "Four Brands that are Promoting Sports Beyond Cricket in India", Advertising Age, 15 November 2015



Broadcasting

With 675 million people having access to TV in India (as on August 2016), it is the second-largest market for broadcast media after China.^{107, 108} Moreover, urban TV reach in the country grew at a CAGR of 7 per cent during 2013–16 to 300 million.¹⁰⁹ India is also currently the second-largest market globally by the number of internet subscribers — again, only behind China.¹¹⁰ It has encouraged broadcasters in India to increasingly utilise the internet for live sports broadcasting.

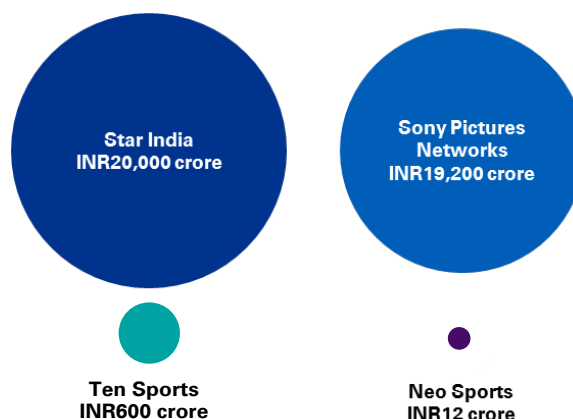
Globally, subscription contributes more to sports revenue as compared to advertising revenues. However, the scenario is quite the opposite in India. Internationally, subscription is almost 90 per cent of revenues for sports channels and the rest 10 per cent comes from ad revenues. In India, ad revenues account for almost 60 per cent of the total revenues.¹¹¹

The share of broadcast fees is also a key source of revenue for teams in a league. For instance, more than 50 per cent of an IPL team's revenue typically comes from the share of the broadcasting fees and central sponsorship income from the BCCI. It is expected that this share may rise given the renewal of broadcast rights of the IPL in 2018, which could amount to INR20,100 crore (USD3 billion) or more.¹¹²

Sports broadcasting in India has taken a new turn with the advent of various sports leagues. Broadcasters are vying for fresh properties to acquire, and in turn, are going about increasing their portfolio of TV channels as well as digital platforms.

Star India and Sony Pictures Networks (SPN) India have emerged as the two key players in the Indian market; both are investing heavily in developing a comprehensive sports portfolio.¹¹³

Planned/ongoing investments in developing the sports portfolio in India — by broadcasters¹¹⁴



Source: "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

Duopoly on the cards?

The Indian sports broadcasting space comprises three major players — Star India, SPN and ZEE Entertainment (with its portfolio of Ten Sports, potentially to be acquired by SPN). Star India has a portfolio of almost all the major sports properties, except for IPL, which is under SPN's kitty. Ten Sports is the third major player with a variety of properties across sports, including World Wrestling Entertainment (WWE) and golf.¹¹⁵

However, in August 2016, ZEE announced its intent to sell its Ten Sports portfolio to SPN for INR2,600 crore¹¹⁶ — effectively making the market a duopoly, as other broadcasters such as Neo Sports have a very small share of the market.¹¹⁷ As SPN's broadcasting rights over IPL are due to expire in 2017, this deal would help the company in reducing its dependence over the mega event and strengthen its bid to compete with the market leader Star India.¹¹⁸

107 "Why television matters", Livemint, 20 August 2016

108 "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

109 "Why television matters", Livemint, 20 August 2016

110 "India is now the second largest internet user market, after China", Forbes India, 2 June 2016

111 "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

112 "Year 2018 could be a game-changer for IPL", The Times of India, 23 October 2015

113 KPMG in India's analysis, 2016

114 Ten Sports has been acquired by SPN on 31 August 2016, effectively adding these investments to SPN portfolio

115 "Sony Pictures close to acquiring Ten Sports for Rs 2,000 crore", The Economic Times, 8 August 2016

116 "Zee Entertainment sells Ten Sports to Sony Pictures for Rs 2,600 crore", The Economic Times, 31 August 2016

117 "Sony Pictures close to acquiring Ten Sports for Rs 2,000 crore", The Economic Times, 8 August 2016

118 "Sony Pictures close to acquiring Ten Sports for Rs 2,000 crore", The Economic Times, 8 August 2016



Comparison of major sports properties currently held by Star India and SPN

Sport	Star India	SPN
Cricket	<ul style="list-style-type: none"> All BCCI and ICC events 	<ul style="list-style-type: none"> IPL
Football (Soccer)	<ul style="list-style-type: none"> Indian Super League Premier League Bundesliga 	<ul style="list-style-type: none"> Premier Futsal League FIFA World Cup (2014 and 2018) UEFA Euro 2016 La Liga BBVA Serie A TIM FA Cup FIFA Futsal World Cup 2016 Copa America 2016
Hockey	<ul style="list-style-type: none"> Hockey India League Hockey World League All other Hockey India events 	<ul style="list-style-type: none"> None
Kabaddi	<ul style="list-style-type: none"> Pro Kabaddi League Women's Kabaddi Challenge 	<ul style="list-style-type: none"> World Kabaddi League
Tennis	<ul style="list-style-type: none"> International Premier Tennis League Wimbledon French Open 	<ul style="list-style-type: none"> Champions Tennis League Australian Open ATP events
Badminton	<ul style="list-style-type: none"> Premier Badminton League 	<ul style="list-style-type: none"> Indian Open Super Series The India Open Grand Prix Gold
Basketball	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> NBA
Contact sports	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Total Nonstop Action Wrestling Pro Wrestling League Ultimate Fighting Championship
Others	<ul style="list-style-type: none"> Rio Olympics 2016 Formula One 	<ul style="list-style-type: none"> National Football League

Source: "Sony to take on Star in the sports broadcasting space", Business Standard, 22 January 2014, "SPN's sports cluster becomes the fastest growing entity", Business Standard, 13 June 2016, "Big money investment pours in for Indian sports broadcasting", The National, 3 October 2015, "It's the first time a sports broadcaster will dedicate eight channels to one tournament": Nitin Kukreja, CEO, Star Sports, on Rio Olympics", Afaqs, 17 June 2016, "Star India to move international sports to premium HD channels", The Economic Times, 12 July 2016, "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016, Star India website, www.startv.com, accessed as on 23 August 2016

119 "Indian Premier League: Star India pays Rs 302.2 crores to clinch IPL digital media rights for three seasons", India.com, 10 February 2015
 120 "India World Cup matches deliver a boost for Star's Hotstar app", Livemint, 21 April 2015
 121 "IPL-9 helps Star India score on digital media", Livemint, 6 June 2016
 122 "India World Cup matches deliver a boost for Star's Hotstar app", Livemint, 21 April 2015

Digital all the way

A rapid increase in internet and smartphone penetration in the country has enabled Indians to increasingly watch sports content online. In turn, broadcasters are capitalising on the trend and developing digital platforms for content delivery.

To air IPL until 2017, SPN pays INR700–800 crore a year and holds the exclusive TV broadcast rights for IPL. However, the digital rights for IPL for the years 2015, 2016 and 2017 are held by Star India for which it paid approximately INR300 crore in total.¹¹⁹ Star India streams sports on starsports.com and Hotstar (website and mobile application). The IPL digital rights procurement was a premeditated deal by Star to build Hotstar as a primary destination for digital content consumption.¹²⁰ This move proved to be highly impactful for Hotstar, which logged approximately 100 million viewers in IPL 2016 — a staggering 144 per cent rise over its IPL 2015 viewership.¹²¹ Moreover, the cumulative viewership of the ICC Cricket World Cup 2015 on Hotstar and starsports.com touched an impressive 87 million.¹²² The India–Australia semi-final logged the most number of views on these platforms — a sizeable 50 million to be precise.¹²³

SPN also owns a digital content delivery platform called Sony LIV. The company used it to broadcast UEFA Euro Cup 2016 and FIFA World Cup 2014 in India, and is expected to leverage it for the FIFA World Cup in 2018 as well.

While a majority of digital viewership is accounted for by non-sports content (60–70 per cent in case of Hotstar), the sports category acts as a strong audience gatherer. This is the reason Star India and SPN are investing large amounts of money in buying digital sports properties.¹²⁴

Going by the trend, India is likely to witness further an upsurge in sports viewership over digital platforms. Moreover, digital advertising currently accounts for 10–12 per cent of the overall advertisement expenditure in India, and is likely to grow to 25 per cent by 2020.¹²⁵

123 "India World Cup matches deliver a boost for Star's Hotstar app", Livemint, 21 April 2015

124 "Why Indian Broadcasters Are Betting Big On VOD Platforms", Advertising Age, 13 June 2016

125 "India Experiences Higher Consumption of Digital Sports Content", Advertising Age, 9 June 2016



Glam quotient of international events

In 2015, broadcasters started getting increasingly involved in acquiring the telecast rights for major international events. A rising interest of the Indian audience in such events has led to this trend.

SPN, through Sony Six, acquired the telecast rights of La Liga, the premier division of the Spanish football league system, for a period of three years. It was the exclusive broadcaster for the NFL Super Bowl for Indian viewers in 2015. Sony Six also acquired the exclusive telecast rights of the FA Cup and the Series A (prime football properties), across India, Pakistan, Sri Lanka, Bangladesh, Bhutan, Nepal and Maldives.¹²⁶ The channel has positioned itself as a premier destination for watching football.

Similarly, in 2015, Star India acquired the rights to broadcast German football league Bundesliga for five years across India, Bangladesh, Bhutan, Nepal, Sri Lanka and Maldives.¹²⁷ The company also has rights to air Formula One events in India until the 2022 season.¹²⁸ Moreover, it recently aired the 2016 Rio Olympics across its network of channels in India, Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka.¹²⁹

Going local to expand horizons

Broadcasting of major sports events in regional feeds has become the motto of leading broadcasters — SPN and Star. SPN launched a new sports channel Sony Kix that broadcasts the games in Tamil and Telugu, while for the Bengali feed broadcast it chose the network's Bengali channel, Sony Aath.¹³⁰ The idea is to cater to the regional viewers' demand. According to the broadcasters, these feeds would help garner incremental increase in viewership.

ICC World Cup 2015 was the first event to be telecast in six languages, including Tamil (Vijay TV), Kannada (Suvarna Plus), Malayalam (Asianet Movies) and Bengali (Star Jalsa) apart from Hindi and English. Pro Kabaddi League is broadcast by Star in five languages over eight channels.¹³¹ Its rival SPN enhanced its broadcast production quality with regional language feeds for football. Such a move was beneficial for the regional advertisers too as it provided them with an opportunity to grab visibility with ad spots as low as INR50,000 to INR125,000 for a 10 second spot.¹³²

Broadcast in multiple languages has also made it lucrative for regional players to venture into sponsorships. It gives them access to a national platform to expand their reach and cognisance of their brand apart from reaching their core target consumers. Relatively regional brands, such as Anmol Biscuits and Red Chief Shoes, have hence come up as sponsors and have found relevance in supporting kabaddi teams.

Collaborating to win

Sports networks are collaborating to launch co-branded localised multisport channels to provide coverage of various sports, such as cricket, football, tennis, badminton and field hockey.

SPN and ESPN have joined hands to launch co-branded TV channels with Sony Kix of SPN getting rebranded to Sony ESPN. Both broadcasters have also come up with a website and application, showcasing an amalgamation of technology integration and enhancement throughout sports. The alliance with ESPN could help Sony, as the former is synonymous with sports programming and has a high brand recall. ESPN's portfolio of live and non-live contents might also come in handy for Sony.

Innovations around traditional sports could help in making it more aspirational. The creation of digital platforms is required for sustained and deep engagement with real-time analytics.



¹²⁶ "Sony Kix acquires telecast rights for La Liga in India", Sportskeeda, 3 August 2015
¹²⁷ "Star Sports to telecast live action from Bundesliga for next five seasons", The Economic Times, 1 June 2015

¹²⁸ "Star Sports acquires F1 rights for seven more years", Sportskeeda, 4 October 2014
¹²⁹ "Star India acquires Olympics rights in seven Asian territories including India", Sportcal, 31 July 2013

¹³⁰ "How sports broadcasters played the game in 2015", Television Post, 19 January 2016
¹³¹ "Star India to broadcast Pro Kabaddi League on 8 channels", The Financial Express, 26 June 2015

¹³² "World Cup: regional advertisers on front foot with low rates", The Hindu Business Line, 17 February 2015



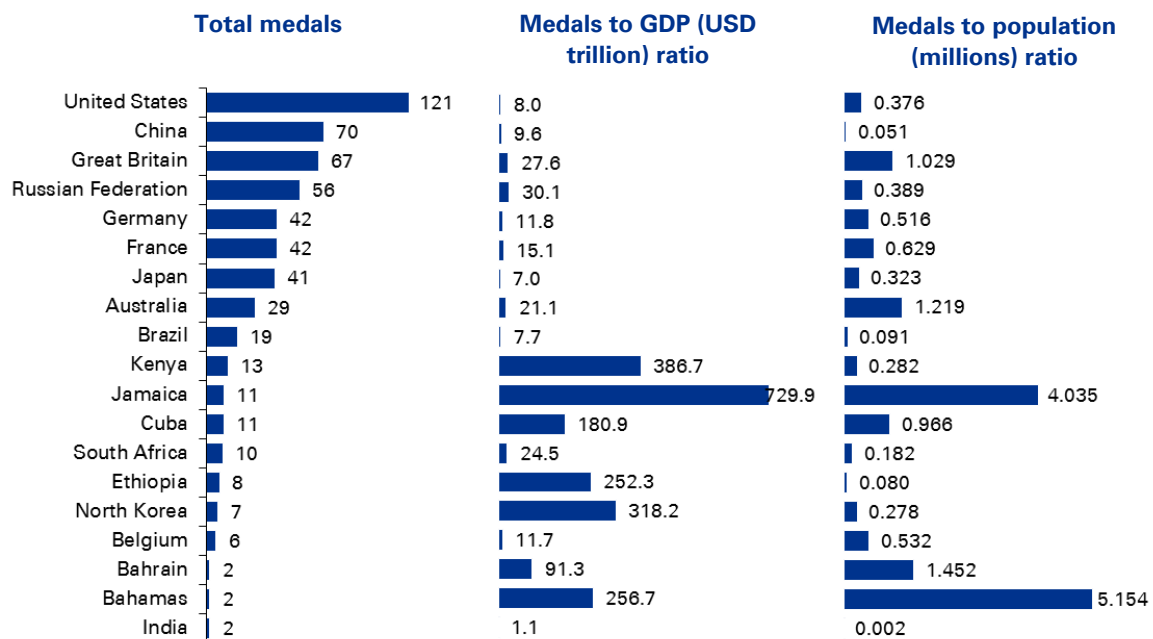
Performance

India's performance at key international sporting events

India's performance at the world's biggest sporting event, the 2016 Rio Olympics, won the country a bronze in wrestling and a silver in badminton. India's performance can be analysed through three critical parameters — total medal tally, medals to GDP ratio and medals to population ratio. The country ranked 65 by total medals won. In comparison, the top-three medal winners, the U.S., China and Great Britain continued their dominance over the games with a total of 258 medals between them. India also fares below some of the world's smallest nations, such as Fiji and Armenia, and underdeveloped nations, such as Ethiopia. Moreover, on the medals to GDP and medals to population ratio, India ranked the lowest among all the nations that won a medal.¹³³



Comparison of the performance of a few nations at the 2016 Rio Olympics



Source: www.medalspercapita.com, accessed as on 24 August 2016, KPMG in India's analysis, 2016

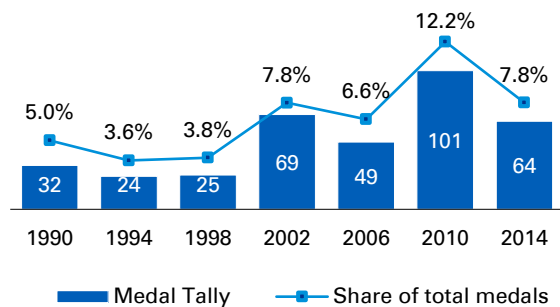
¹³³ www.medalspercapita.com, accessed as on 24 August 2016



India has performed relatively better in the past at the Asian Games and the Commonwealth Games (CWG). However, this can also be attributed to the fact that some of the world's best performing nations at the Olympics — including the U.S., China (not a part of the Commonwealth, but takes part in the Asian Games), Germany, France and Russia — are not a part of these games.¹³⁴

India displayed its best performance so far at the 2010 CWG held at home, where it ranked second by the number of gold medals won. Post that, the country's performance fell significantly as it witnessed a 37 per cent decline in the medal tally at the 2014 games held in Glasgow, Scotland — ending up at the fifth rank.¹³⁵

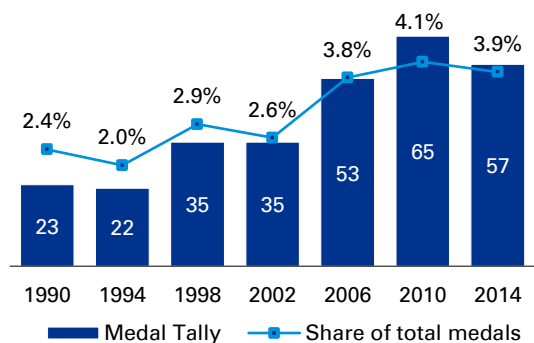
India's medal tally and share of total medals at the Commonwealth Games (1990–2014)



Source: Commonwealth Games Federation website, www.thecgf.org, accessed as on 16 August 2016

Akin to the 2014 CWG, India experienced a decline in performance at the 2014 Asian Games as well. The country ranked eighth, as compared to the sixth position it secured at the previous edition of the games in 2010.

India's medal tally and share of total medals at the Asian Games (1990–2014)



Source: Olympic Council of Asia website, www.ocasia.org, accessed as on 16 August 2016

Non-Olympic sports

A look at India's performance at certain non-Olympic sports portrays a completely different story. The country has excelled in some of these sports, including cricket, kabaddi, chess, billiards and snooker.

India's key achievements in some non-Olympic sports

Sport	Achievements
Cricket	<ul style="list-style-type: none"> Cricket World Cup winners in 1983 and 2011 World Twenty20 winners in 2007 Champions Trophy winners in 2013 Won the men's and women's titles at 2016 South Asian Games Won the gold medal at all the seven Asian Games since it was inducted in the event in 1990 Five-time World Cup winners (2004, 2007, 2010, 2011 and 2013)
Kabaddi	<ul style="list-style-type: none"> Pankaj Advani is a 12-time World Billiards and Snooker champion, earning him the Arjuna Award in 2004, Rajiv Gandhi Khel Ratna Award in 2006 and Padma Shri in 2009 India has consistently produced world champions in the game in the form of Geet Sethi, Ashok Shandilya, Michael Ferreira and Wilson Jones Won a silver and a bronze medal at the World Junior Chess Championship 2016 Winners of the Asian Nations Cup Chess tournament 2016 Former World Junior champion Abhijeet Gupta has won the Commonwealth Chess Championship twice in 2015 and 2016 Viswanathan Anand has won the World Chess Championship five times (2000, 2007, 2008, 2010 and 2012)
Snooker and billiards	
Chess	

Source: All India Chess Federation website, www.aicf.in, accessed as on 24 August 2016, "Indian men win Asian Nations Cup Chess", The Times of India, 6 April 2016, "Abhijeet Gupta retains Commonwealth Chess championship crown", General Knowledge Today, 8 August 2016, "Kabaddi: India's hold on the sport continues", The Hindu, 15 February, 2016, "A look at India's accomplishments in kabaddi", Sportskeeda, 20 July 2015, "Why the Indian kabaddi team is the most successful in the world", Sportskeeda, 27 November 2015, "12 Things You Must Know About 12 Time World Billiards and Snooker Champion – Pankaj Advani", The Better India, 24 July 2014

¹³⁴ "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

¹³⁵ Commonwealth Games Federation website, www.thecgf.org, accessed as on 16 August 2016, KPMG in India's analysis, 2016



Dissecting the performance in hockey and football

Slow to adapt, Indian hockey is trying to find its way back to the top

India's supremacy in hockey — with its legendary stint of 11 medals (including eight gold) in 12 Olympics between 1920 and 1980 — is long gone. Since 1980, the country has not won a single Olympic medal in hockey.¹³⁶ In a shocking development, the Indian team even failed to qualify for the 2008 Beijing Olympics.¹³⁷ The road continues to remain tough for Indian hockey, be it because of the lack of availability of AstroTurf grounds (which have been in use globally ever since the 1976 Olympics) or governance issues.

However, Indian hockey witnessed an encouraging resurgence in the recent past. In 2013, the Hockey India League (HIL) came into being and revived the much needed fan following to an extent. Also, India won the gold medal at the 2014 Asian Games after 16 years, and became the first team to qualify for the 2016 Rio Olympics.¹³⁸ The national team followed it up with a bronze medal at the Hockey World League in December 2015.¹³⁹ Moreover, they finished second in the 2016 Champions Trophy — significantly raising hopes of a medal in the Rio Olympics.¹⁴⁰ However, India exited the 2016 Rio Olympics at the quarter-final stage.

The road ahead

While it is encouraging to see the national team slowly edge its way back up in world hockey (men's team currently ranks fifth)¹⁴¹, India still needs to address the root causes of the downfall of Indian hockey. The country lacks proper infrastructure, such as adequate number of playing fields. Hockey players need to be given exposure to AstroTurf grounds at an early age, as opposed to the current situation in which a player typically experiences synthetic grass for the first time at the age of 18–20, causing difficulties in adapting to the change in game style from skill to power.¹⁴² On the contrary, leading teams, such as the Netherlands and Australia, have hundreds of synthetic hockey fields, enabling their players to grow up playing with international standard infrastructure. Moreover, it needs greater emphasis on development at the grass-roots level.

Hockey India, the NSF for hockey, has taken some key initiatives in the recent past towards this objective. This includes setting up a High Performance and Development Committee to focus on developing a uniform coaching structure for all levels of the game across the country.¹⁴³ However, these initiatives are yet to go a long way in developing a strong foundation for Indian hockey.

The race to football glory continues

India lags far behind at the international stage in football — with a ranking of 152 for the men's national team and 57 for the women's national team.¹⁴⁴ The country's men's football team has repeatedly failed to qualify for the FIFA World Cup since decades. However, India's abysmal performance at the wider international stage cannot be construed as utter lack of football culture in the country. A former FIFA president once referred to India as the world football's sleeping giant on account of the sheer underlying potential.

Waking up the 'sleeping giant'

In the recent past, a lot has happened at the local level to raise the standards of Indian football. The All India Football Federation (AIFF) has been increasingly focussing on the grassroots development; in 2012, it started its Grassroots Development Programme to increase participation in football and train budding talent through a small-sided game format. In 2013, AIFF also started an 'elite academy' at Goa to train talented U-19 footballers and prepare them for playing at professional football clubs. Several coaching and refereeing courses have also been introduced to supply skilled trainers in the country.¹⁴⁵ Moreover, with the introduction of ISL in 2014, the sport's popularity in the country has touched new heights. However, despite these initiatives, the Indian team failed yet again to qualify for the 2018 FIFA World Cup in Russia.

In May 2016, AIFF announced its draft plan for the future of Indian football. In what can be touted as a game-changing initiative, the governing body has proposed the creation of a three-tier league system. In this, ISL would occupy the top-tier and would emerge as the primary football league of India. The FIFA-recognised I-League would be

¹³⁶ KPMG in India's analysis, 2016

¹³⁷ "India fails to qualify for the Olympics", The Hindu, 11 March 2008

¹³⁸ "The inside story of how India's men's hockey team has been primed to make its medal bid at Rio", Scroll.in, 1 August 2016

¹³⁹ "Hockey World League Final: India stun defending champs Netherlands in shoot-out to bag bronze", Firstpost, 7 December 2015

¹⁴⁰ "Champions Trophy hockey: Second place finish for India, but they could go one further at Rio 2016", Firstpost, 18 June 2016

¹⁴¹ International Hockey Federation website, www.fih.ch, accessed as on 17 August 2016

¹⁴² "The death of Indian hockey on its home turf", Governance Now, 22 December 2015

¹⁴³ "Hockey India forms High Performance and Development Committee", The Hindu, 8 April 2013

¹⁴⁴ FIFA website, www.fifa.com, accessed as on 16 August 2016

¹⁴⁵ All India Football Federation website, www.the-aiff.com, accessed as on 17 August 2016



called League 1 and form the second tier, while the current second division of I-League would form the third tier as League 2. This initiative is aimed at having a single primary league in the country instead of the present system, in which I-League and ISL are both looked at as primary leagues. It is also likely to help ease the Indian football calendar and give players more time to focus on international games.^{146,147,148}

There is much that yet needs to be done to uplift the world's most popular sport in the second-most populous country. Infrastructure and training are key to grassroots development. According to Nicolas Anelka, former French player and player-manager at ISL team Mumbai City FC, Indian kids love football, but there are no facilities to support them.¹⁴⁹ Similar views are shared by the Brazilian player and FC Goa's coach Zico, according to whom, a better coaching set-up at the grass-roots level and many more playgrounds would be required to wake India from its deep slumber.¹⁵⁰

Why the sub-par performance?

India's poor performance at the Olympics and sports in general (except cricket) is a widely debated topic. There are a multitude of reasons that can be associated with it; these may include infrastructural issues, poor governance, lack of awareness, physical connectivity and health facilities in rural areas, and an unfathomable inclination towards just one sport — cricket.

However, one of the most important and overarching reasons is the lack of a sporting culture across the country — resulting in extremely low active participation in sports. Indians have traditionally been more inclined towards academics, and sports have taken a back seat as recreational pursuits.¹⁵¹ Unless sports and general fitness become high priority disciplines, as well as viable career options, it is unlikely for India to witness a major change in its performance on the international sporting stage. While this culture is gradually changing for the better, it still lacks the pace to push India up anytime soon.



¹⁴⁶ "Here's all you need to know about the AIFF's plan for a new league", ESPN, 18 May 2016

¹⁴⁷ "Is Indian football on the cusp of disruption or destruction?", Live Mint, 16 August 2016

¹⁴⁸ "AIFF restructures Indian Football into three-tier system: ISL top tier, I-League becomes League 1", Sportskeeda, 17 May 2016

¹⁴⁹ "'Sleeping giant' India in deep slumber", The Times of India, 1 October 2015

¹⁵⁰ "'Sleeping giant' India in deep slumber", The Times of India, 1 October 2015

¹⁵¹ "WHY DOES INDIA PERFORM SO POORLY AT THE OLYMPICS?", euronews, 28 July 2016



Business of leagues





The years 2008 and 2014 have proved to be crucial turning points for Indian sports — with IPL taking the country by storm in 2008, and the launch of several promising leagues in 2014.

IPL established a successful model for packaging and marketing a league in India. It was power-packed with some of the world's best cricket players, celebrities and even cheerleaders. It also televised the auction process, which was helpful in creating a fan base even before the event started.¹⁵² Moreover, the fact that it was a cricket league had its inherent advantages in a country where the sport is widely regarded as a religion.

The journey has not been so smooth for other sports, such as hockey, with which it all started. The Premier Hockey League (PHL) — launched in 2005 by the erstwhile hockey NSF Indian Hockey Federation (IHF), Leisure Sports (a sports management company) and ESPN Star Sports — was the first professional league in India, but it failed to garner support from sponsors and viewers, resulting in its termination in 2008.¹⁵³ Similar was the fate of a few others as well.

However, the year 2014 saw the emergence of some potentially successful leagues, including PKL, ISL, IPTL and CTL. ISL witnessed a cumulative TV viewership of 429 million in its inaugural season in 2014¹⁵⁴; its viewership grew 26 per cent y-o-y in the 2015 season.¹⁵⁵ Similarly, the first season of PKL (in 2014) was watched by 435 million people, and its viewership increased 20 per cent y-o-y in its second season in 2015 and 35 per cent y-o-y in its third season during January–March 2016.¹⁵⁶ PKL has gone a step further to introduce two seasons per year, starting 2016. IPTL also boasts of star players, including Roger Federer, Rafael Nadal and Andy Murray — effectively pulling a large crowd of 14,000 spectators at the Indira Gandhi Indoor Stadium in Delhi during its second season in 2015.¹⁵⁷ Apart from these, there are others such as PWL, which was watched by an average of 31 million viewers per day during its first season in 2015.¹⁵⁸

The future does appear to be bright for Indian sports, as such leagues help to popularise sports, make it viable as a career and also bring out talented sportspersons to the fore.

Summary of key operational and upcoming leagues in India

League	Number of teams	Number of seasons
Indian Premier League (IPL)	8	9 (2008–16)
Mini IPL ¹⁵⁹	-	Planned
Indian Super League (ISL)	8	2 (2014–15)
Premier Futsal	6	1 (July 2016)
I-League	9	9 (2007–08 to 2015–16)
Pro Kabaddi League (PKL)	8	4 ¹⁶⁰ (2014–16)
Women's Kabaddi Challenge (WKC)	3	1 (2016)
Hockey India League (HIL)	6	4 (2013–16)
Pro Wrestling League (PWL)	6	1 (December 2015)
Premier Badminton League (PBL)	6	2 (2013 ¹⁶¹ and 2016)
International Premier Tennis League (IPTL)	5	2 (2014–15)
Champions Tennis League (CTL)	6	2 (2014–15)
Table Tennis League	-	Planned
Athletics League	-	Planned

Source: Official websites of all leagues, accessed as on 26 August 2016, "BCCI announces mini IPL for September", ESPN Cricinfo, 24 June 2016, "INVITATION FOR EXPRESSION OF INTEREST FOR ATHLETICS LEAGUE", Athletics Federation of India, 28 February 2016, "Indian Table Tennis federation set to create first Table Tennis pro league post Rio Olympics", Sportskeeda, 14 March 2016

¹⁵² "Pro-Kabaddi League teaches how to build a successful sports league", The Economic Times, 29 July 2016

¹⁵³ "Pro-Kabaddi League teaches how to build a successful sports league", The Economic Times, 29 July 2016

¹⁵⁴ "Indian Super League was watched by 429 million on TV according to TAM data", The Times of India, 30 December 2014

¹⁵⁵ "In 2016, Soccer, kabaddi & tennis leagues to offer tempting choice other than cricket", The Economic Times, 26 December 2015

¹⁵⁶ "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

¹⁵⁷ "In 2016, Soccer, kabaddi & tennis leagues to offer tempting choice other than cricket", The Economic Times, 26 December 2015

¹⁵⁸ "Pro Wrestling League is season's 2nd most-watched non-cricket tournament", Business Standard, 1 February 2016

¹⁵⁹ The number of teams may vary from the continuing IPL

¹⁶⁰ Starting 2016, PKL is conducting two seasons in a year

¹⁶¹ PBL was started as the Indian Badminton League in 2013 and did not have a season conducted in 2014 and 2015



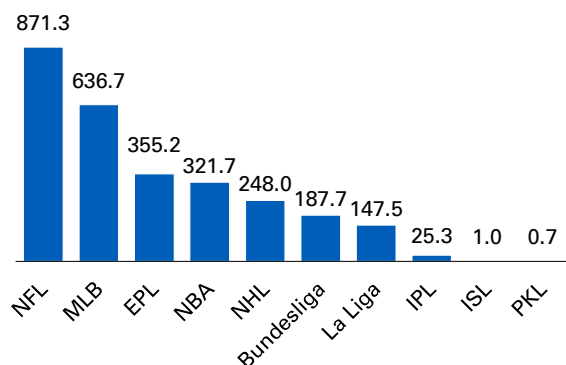
Economics of leagues and franchises

Comparison of Indian leagues with major foreign leagues

In India, the league culture is still in its initial stages, in comparison to the U.S. and Europe. The major leagues in these regions have a history spanning several decades. Some of the oldest ones include the National Football League (NFL) of the U.S. and Spain's La Liga, both of which will turn 100 in 2020 and 2029, respectively.¹⁶²

The revenues earned by major global leagues overshadow any league in India, including the IPL.

Revenue of major international leagues (INR'00 crore, 2015)^{163,164}



Source: "Which Professional Sports Leagues Make the Most Money?", howmuch.net, 1 July 2016, "Pro Kabaddi League signs on 11 sponsors for season 4", Livemint, 27 June 2016, "ISL organisers, franchises upbeat ahead of season 2", The Hindu, 22 December 2015, "2016 IPL had an awesome gross revenue of more than \$378 million", The American Bazaar, 13 June 2016

This indicates that the potential for growth in this business is immense. The revenue earned by EPL from media rights alone grew at approximately 70 per cent from 2010–13 to 2013–16, and then again 70 per cent from 2013–16 to 2016–19.¹⁶⁵ Similarly, NBA's broadcasting deal witnessed a surge of nearly 180 per cent from that of 2007–16 to 2016–25.¹⁶⁶ Even IPL, which sold its media rights to SPN for INR8,200 crore (for 2009–17 seasons), is expecting to earn anywhere between INR16,700 crore and INR20,100 crore for the next decade starting 2018.¹⁶⁷

¹⁶² KPMG in India's analysis, 2016

¹⁶³ U.S. Dollar to Indian Rupee conversion done at USD 1 = INR67.025 as on 21 August 2016

¹⁶⁴ Revenues for IPL and PKL are for 2016; revenues for ISL and PKL only include sponsorship revenue

¹⁶⁵ "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

¹⁶⁶ "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

¹⁶⁷ "BCCI wants Sony to pay Rs. 16,000 crore as IPL fee", Cricket Country, 17 June 2016

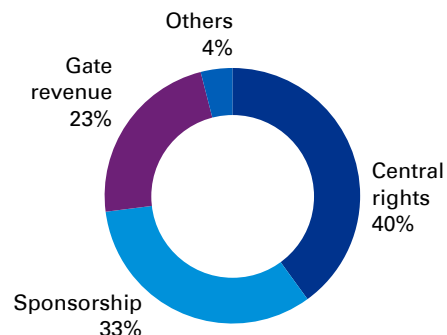
¹⁶⁸ "Winning in the Business of Sports", A.T. Kearney, 15 February 2014, KPMG in India's analysis, 2016

Key sources of revenue for leagues and franchises

Globally, sports leagues and franchises generate billions of dollars in revenue every year; in 2014, the sports events market was valued at INR5.1 lakh crore (USD80 billion).¹⁶⁸ Major sources of income for leagues are media rights, sponsorships and franchise fee, while those for teams are sponsorships, gate fee (ticket sales), merchandise sales, licencing, prize money and a share of central revenue (share of league's revenues from media rights and sponsorship passed on to teams), this is a framework for IPL.^{169,170}

For teams, the revenue from a league's central pool is typically the largest contributor, followed by sponsorship and gate fee. For example, on an average, an IPL team earns 40 per cent of its revenue from the central pool of IPL, 33 per cent from sponsorships and 23 per cent from gate revenues.¹⁷¹

Key revenue streams for IPL teams



Source: "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

In India, the merchandise segment is currently in its nascent stages; the segment's revenue suffers due to high prices and easy availability of counterfeit products in the country.¹⁷²

When will teams become profitable?

In India, the league culture only started developing gradually over the last decade — with many of the operational leagues having gone through just a couple of seasons. Even in IPL,

¹⁶⁹ "Shah Rukh Khan's KKR only consistent IPL performer in making money, revenue grew 30% in FY15", The Economic Times, 9 May 2016

¹⁷⁰ "How IPL and Franchises Make Money? (IPL Business Model)", Total Sportek, 5 February 2016

¹⁷¹ "The Future: Now Streaming: Indian Media and Entertainment Industry Report 2016", KPMG in India, March 2016

¹⁷² "Shah Rukh Khan's KKR only consistent IPL performer in making money, revenue grew 30% in FY15", The Economic Times, 9 May 2016



which started in 2008, only a few teams have started returning profits, while most of them are still in the red. In 2014–15, the season winner Kolkata Knight Riders (KKR) were the most profitable team with 30 per cent y-o-y growth in revenues and 54 per cent y-o-y growth in profits.¹⁷³ The only other team that returned profits was the runner-up Kings XI Punjab, with a 26 per cent y-o-y increase in revenues.¹⁷⁴ The ability to return profits in any season is highly dependent on the team's performance, as it impacts sponsorships as well as ticket sales. Improved performance also results in extra revenue through prize money won.

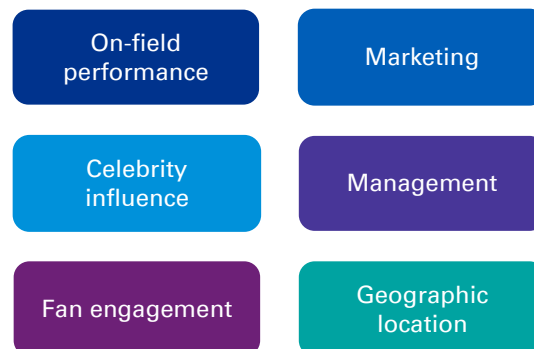
In the first season of ISL, each of the eight franchises are estimated to have lost INR35–40 crore. Now two seasons old, it is likely to go another two (or even more) seasons before teams break even.¹⁷⁵ Contrarily, PKL — which tasted success with 435 million viewers in its first season, and consistent growth in the second and third seasons as well — is likely to perform economically better than IPL and ISL. Team sponsorships rose from as low as INR10–15 lakh in the first season to INR2–4 crore in the second.¹⁷⁶ According to Supratik Sen, Chief Executive Officer, Unilazer Sports (owner of Mumbai team U Mumba), the league is still in its investment stages, and the team will look at profits after the next season (season 5).¹⁷⁷ Star India, the official broadcaster and investor in PKL expects the league to also turn profitable by 2018.¹⁷⁸ The league's success can also be attributed to the nature of the game — which is relatively asset light in comparison with cricket and football.

Overall, the league format is still in its nascent stages, and industry players and other stakeholders need to take a long-term view of fostering and innovating the leagues to achieve sustainable benefits. Many leagues still need significant investment to develop and support leading infrastructure. Moreover, longer leagues are required for better sustainability, since sponsors prefer to keep their brands activated throughout the year instead of just 30–45 days. In conclusion, the business of leagues is a long-term one, and majority of the leagues and franchises are likely to take few more years to become profitable.

Factors driving a team's success

According to a Duff & Phelps report on brand values in IPL, there are six major factors that drive success for a sports team:

Key success factors for a sports team



Source: "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

- Good on-field performance of a team is critical to driving higher sponsorship revenues; in IPL, a top ranking team's lead sponsorships (lead chest and limited player promotions) can fetch 100 per cent premium over that of a poorly performing team.¹⁷⁹
- An effective marketing strategy can help build a stronger relationship with the public — effectively attracting more sponsors; it can also unlock the doors to merchandise sales, which currently has a lot of scope for monetisation.
- Celebrity influence can help generate a fan base beyond the local catchment and also drive sponsorships; for example, the Kolkata Knight Riders team in IPL has a famous bollywood actor Shah Rukh Khan as a co-owner, and this helps the team gain sponsorships because brands prefer a person of his stature endorsing their brand through the team uniform.¹⁸⁰
- The management is responsible for team selection, and thus, plays a key role in attracting fans by buying marquee players who themselves carry a strong fan following.
- Fan engagement efforts can help establish a loyal fan base, which can effectively help

173 "Shah Rukh Khan's KKR only consistent IPL performer in making money, revenue grew 30% in FY15", The Economic Times, 9 May 2016

174 "Shah Rukh Khan's KKR only consistent IPL performer in making money, revenue grew 30% in FY15", The Economic Times, 9 May 2016

175 "Despite losses, franchises see ISL as investment in Indian football", Hindustan Times, 19 July 2015

176 "How fast can Pro Kabaddi franchises turn profitable?", exchange4media, 30 July 2015

177 "How Star turned Kabaddi into a TRP Jackpot", Afaqs, 9 March 2016

178 "Pro Kabaddi League to return profits by 2018, says Star India", Livemint, 3 August 2015

179 "PLAYING WITH A STRAIGHT BAT", Duff & Phelps, June 2016

180 "Shah Rukh Khan's KKR only consistent IPL performer in making money, revenue grew 30 per cent in FY15", The Economic Times, 9 May 2016



monetise the brand through higher ticket and merchandise sales.

- Geographic location of a team determines the size and nature of the local fan base.

Building a loyal fan base

A majority of the teams' efforts are directed towards establishing a loyal fan base, as it can effectively help monetise the brand. A strong fan base means higher ticket and merchandise sales, and more bargaining power while making sponsorship deals. It also helps reduce dependence on revenues from the central pool. Moreover, it is the passionate fans that keep the sport as well as the teams alive and thus, form an extremely important factor (along with on-field performance) for success. For example, an ISL team, Delhi Dynamos' has a group of its most dedicated fans called Dynamos Ultras, which is a voluntary fan club for the team — generating further support within the city.

Dynamos Ultras — ISL franchise Delhi Dynamos' dedicated group of fans

Dynamos Ultras is a group of dedicated supporters of their home team, the Delhi Dynamos franchise of the ISL. Motivated by the fan base of Kolkata and Kerala franchises, five die hard football fans from Delhi took the initiative to encourage football culture in the city and also become the official fan club of the Delhi Dynamos FC.

To support their home team, these fans distributed pamphlets, created banners and charts, and also chanted for the team and its players — apart from being on-ground for the games. The group is highly active on social media, sharing news and snippets around the football team with other fans.

Source: "Meet the Dynamos Ultras - Delhi Dynamos' most dedicated football fans", Sportskeeda, 13 October 2015

Sports franchises in India are taking several initiatives to increase fan engagement, such as starting a fan page on the official website, extensively using social media to connect with fans, arranging for fans to meet team players and even organising training camps and talent hunt programmes.

ISL team Atletico de Kolkata's fan engagement initiative

Atletico de Kolkata, an Indian Super League football franchise based out of Kolkata, has formed an official supporters' club in a bid to attract more fans. Club owners have formed 'ATK Fans Fraternity' to offer fans a membership at a price of INR800, which is inclusive of a home season ticket (seven games) and an official club jersey. The members have been promised considerable media coverage and would be seated together in the stadium. Such initiatives ensure a win-win situation for both fans and the club. They not only improve fan loyalty and engagement, but also guarantee good support for the home team.

Source: "Atletico de Kolkata's brilliant fan membership deal is something other ISL clubs should replicate", Firstpost, 27 August 2015

Use of social media for fan engagement

Social media is a powerful tool which has increasingly gained significance among leagues, teams as well as players. The game is not just on the field anymore, but is also about followers, hashtags and conversations on social media. It is as intense as the on-field game, with almost every national league franchise vying for supporters online. However, only a few manage to get it right.

Major considerations for a successful social media strategy include prioritising among the social media networks, creating a distinct story, collecting and using feedback, and very importantly, leveraging the players.¹⁸¹ Players bring along an already established, loyal fan base and provide the human connect with fans.

181 "Unique Strategies For Using Social Media in Sports Marketing", WorkInSports.com, 17 August 2015



Atlanta Hawks, the NBA team from the city of Atlanta, the U.S., have displayed consistently the effective use of social media to build their local fan following.

Case study: How Atlanta Hawks utilises social media for fan engagement

Around two years ago, the Atlanta Hawks team was facing a serious issue with its local fan following. Management issues aside, the team had not been performing too well since years; they had not made it to the league's final four since 1969. According to a poll by ESPN, only 20 per cent of the respondents in the city identified themselves as fans of the local team. The situation was dire for the home team in a city totally crazy about NBA. The team devised a strategy to market themselves to the millennials in the city — a large, diverse target group of over 2.1 million people. Social media was a key area of focus, and the company started using its Twitter handle effectively to communicate with NBA fans in the city. Instead of trying to be politically correct or too conscious, they simply went ahead with having fun. The team practices humour in its interactions with fans (press releases, news updates, etc.) — basically using the same language as their target group.

The outline of its social media strategy can be highlighted in the below mentioned points:

- Defined a strategy and decided to be authentic with their fans;
- Followed a consistent voice as that of a fan
- Maintained agility in communication
- Did not try to be politically correct

The results were astonishing; from January 2014 to January 2015, the team witnessed an increase of 450,000 in daily impressions and over 14,000 new monthly followers on Twitter, and an increase of over 200,000 fans and 20,000 engaged daily users on another major social network.

Source: "Reselling the Hawks to Atlanta", Sony ESPN, 8 January 2015, "Atlanta Hawks – How marketing to millennials can turn things around!", Overtime, 16 November 2015, "The secret to social media success – from the Atlanta Hawks playbook", Sports Business Solutions, 11 May 2016

Contribution of leagues to grassroots development

Identifying talented sportspersons and grooming them is a key challenge for leagues, as it is imperative for their sustenance to have increasingly talented players showcasing their abilities and continuing to attract viewers in the long run. Moreover, contributing to grassroots development could help complement the government's efforts in building a strong sporting nation. Leagues and franchises in India are increasingly taking cognisance of the fact, and are developing programmes aimed at identifying and nurturing young talent.

Examples of key initiatives taken by some leagues for grassroots development

League	Initiatives
ISL	<ul style="list-style-type: none"> • ISL works on identifying talented boys and girls within the age group of 6–14 years • The league has mandated all the teams to invest INR2 crore per year for development of football at the grassroots level¹⁸² • ISL also works with the Reliance Foundation (Young Champs programme), which provides full-time residential scholarships to talented footballers in the age group of 11–14 years¹⁸³
HIL	<ul style="list-style-type: none"> • HIL franchise from Ranchi (Ranchi Rays) has displayed intentions of providing infrastructure and a platform to harness local talent¹⁸⁴ • Dabang Mumbai team has also planned a preparatory camp for club coaches and young boys and girls from the states of Maharashtra, Goa and Gujarat who aspire to make hockey as their career¹⁸⁵
PKL	<ul style="list-style-type: none"> • Delhi franchise of PKL, Dabang Delhi, organises camps in rural areas of Haryana and Uttar Pradesh to identify talented players.¹⁸⁶ • Bengaluru Bulls franchise also plans to promote kabaddi and develop talent at the grassroots level by launching a kabaddi academy and a school activation programme.¹⁸⁷

¹⁸² "Million-dollar games: How private enterprise is changing non-cricket sports in India", Forbes India, 16 March 2015

¹⁸³ Indian Super League website, www.indiansuperleague.com, accessed as on 29 August 2016

¹⁸⁴ "Dhoni buys stake in Ranchi franchise of Hockey India League", Rediff.com, 25 October 2014

¹⁸⁵ "Dabang Mumbai Sets The Ball Rolling: Preparatory Camp In Full Swing For Hockey India League", Hockey India, 16 January 2015

¹⁸⁶ "Dabang Delhi building a kabaddi legacy", Sportskeeda, 18 July 2015

¹⁸⁷ "Bengaluru Bulls set to 'charge' in season 2 of Pro Kabaddi League", Sportskeeda, 2 July 2015



Sports infrastructure and training





Role of the government and the federations

Stadia run by the government

Sports is a state subject in India and significant sports infrastructure is owned and managed by the respective state governments. SAI builds and maintains stadia and fields on behalf of MYAS (infrastructure owned and managed by the central government). The following stadia/facilities are maintained by the SAI¹⁸⁸:

- Jawaharlal Nehru Stadium
- Indira Gandhi Stadium
- Dr. SPM Swimming Pool Complex
- Dr. Karni Singh Shooting Range
- Major Dhyani Chand National Stadium

Revenues from the built assets are generated mainly through the 'Come and Play Scheme' (discussed in detail below), and renting out assets to national teams/league franchises for training. Use of assets for staging of events such as concerts is still limited owing to the lack of legacy planning and technology for developing multi-purpose facilities. SAI has taken efforts to allow online viewing and booking of stadia for sporting events to enhance asset utilisation. However, booking of stadia for non-sporting events is still cumbersome and restricted. Nonetheless, state governments should ensure similar ease of access for infrastructure maintained by them to boost asset utilisation.



¹⁸⁸ Sports Authority of India website, www.sportsauthorityofindia.nic.in, accessed as on 30 August 2016



Talent scouting, training and competition structure managed by the government

The Ministry of Youth Affairs through SAI runs various sports promotion schemes to train sporting talent at its various centres across India. The SAI has nine regional centres through which promotion schemes are managed at various SAI

Training Centres (STCs) in India. STCs may be central government owned/state government owned, schools and colleges with good sports facilities, army training grounds, etc. The funding arrangements and management of these centres depends on the schemes governing the centres as detailed below:

List of SAI sports promotional schemes and coverage

SAI scheme	Objective of the scheme	Age group of trainees	No. of centres and strength
National Sports Talent Contest Scheme (NSTC)	To scout sports talent in age group of 8-14 years by adopting schools having good sports infrastructure and record of sports performances	8-14 years	24 adopted schools (including 10 schools to promote indigenous games/arts) and 32 akharas with 1060 trainees (805 boys, 255 girls)
SAI Training Centre Scheme (STC)	To establish SAI training centres at the state level; support state governments providing training infrastructure with SAI sponsored boarding, lodging, scientific training and equipment support	12-18 years	56 centres, 5394 trainees (3807 boys, 1587 girls)
Special Area Games Scheme (SAG)	To build SAI sponsored sports infrastructure for training (playing fields, indoor halls, equipment, support/coaches) in consultation with state governments/UT administration	12-18 years	19 centres, 1676 trainees (961 boys, 715 girls)
Army Boys Sports Company Scheme (ABSC)	Collaborative venture between SAI and the Indian army to leverage sports infrastructure created by the Indian army to achieve sporting excellence	8-16 years	18 centres, 1049 trainees (all boys)
Extension Centres of STC/SAG Schemes	To develop schools and colleges having adequate infrastructure and producing good sports results because of training centres	12-18 years	70 centres, 1183 trainees (775 boys, 408 girls)
Centres of Excellence (COE)	To provide advanced training to top performers at National Championships, at the regional centres of SAI for 330 days in a year	12-25 years	15 centres, 556 trainees (288 boys, 268 girls)
Come and Play Scheme	To optimise utilisation of SAI sports facilities and systematically spot talent to induct under STC/SAG, by allowing young sports enthusiasts to get trained under SAI coaches at a cost of INR45 per month	8-17 years	53 centres, 18195 trainees

Source: Sports Authority of India website, www.sportsauthorityofindia.nic.in, accessed as on 30 August 2016



The SAI has also entered into MoUs with different types of stakeholders to develop training centres/high performance centres in India. Some of these MoUs include:

- MoU with leading private academies¹⁸⁹ like the Gopichand Badminton Academy for establishing a SAI Gopichand National Badminton Academy. While the academy utilises assistance from the National Sports Development Fund (NSDF), the SAI would use the academy for coaching, talent scouting and holding training camps
- MoU with international federations¹⁹⁰ and respective domestic federations to develop high performance sports academies at the existing SAI facilities. For instance, SAI entered into an MoU with the International Association of Athletics Federations and the Athletics Federation of India to develop a high performance academy at the Jawaharlal Nehru Stadium.

Despite the above system for training and talent scouting that spreads across India, only 0.0067 per cent¹⁹¹ of the population in the age group 8-25 years is being trained under various SAI schemes.

To ensure effective talent scouting and training, right from the grassroots level, the Ministry of Youth Affairs (MYAS) has announced the 'Khelo India Scheme', to be operational from 2016-17 onwards. The scheme aims to develop national sports through organised talent spotting and sports infrastructure creation. The scheme combines the following erstwhile schemes¹⁹²:

- **Rajiv Gandhi Khel Abhiyan (PYKKA scheme):** To provide funds for development of infrastructure in rural areas and organising rural competitions
- **Urban Infrastructure Scheme:** To provide quality sports infrastructure in urban areas
- **National Sports Talent Search:** To search for young talent

Under the 'Khelo India Scheme', different competitions under the erstwhile Rajiv Gandhi Khel Abhiyan Scheme have been converged to create a single annual competition structure covering all of India to facilitate systematic talent spotting and close the gaps in the current talent scouting and training structure.

Key features of the 'Khelo India Scheme' include ¹⁹³:

I. Organised talent spotting and training -

- **Funding:** The central government scheme will fund the organisation hosting the annual competition at all levels i.e. while the scheme relies on state governments/nodal agencies authorised by the state government to conduct competitions at the block, district and state level, the competitions will be funded by the central government. The scheme allows the ministry associate and accordingly provides financial assistance to the School Games Federation of India (SGFI) and the Association of India Universities (AIU), for the conduct of these games.
- **Timeline for competitions:** The scheme mandates states/UTs and the central government to finalise the annual calendar for competitions at the block, district and state/UT level as per the prescribed timelines in the operational guidelines of the scheme, in order to avail the central grant for organising the competitions. The scheme advises state authorities to finalise the calendar for competitions taking into account games organised by other associations/federations (such as the SGFI). The guidelines require that the competitions calendar prepared by the states is to be approved by a state level executive committee.
- **Competition rules:** The competitions under the 'Khelo India Scheme' would be conducted in accordance with the rules of the respective National Sports Federations for various sports covered in the scheme.
- **Talent grooming and incentives:** Talented sportspersons identified by the organising committees of the competitions at the district, state and national level games would be inducted into various sports promotional schemes as explained above, run by MYAS/SAI. The scheme also lists the criteria for scholarships across different levels.
- **Infrastructure requirements:** The guidelines delineate minimum discipline wise facility requirements (of tracks, playfields, courts, etc.) to be eligible for national games allotment. This is a step in the right direction to maintain the minimum quality of standards for infrastructure built across the country, as

¹⁸⁹ Sports Authority of India website, www.sportsauthorityofindia.nic.in, accessed as on 30 August 2016

¹⁹⁰ "MoU signed between SAI and IAAF to develop a Center of Excellence in Delhi", 7 October 2015, Sportskeeda

¹⁹¹ KPMG in India's analysis, 2016

¹⁹² "Operational Guidelines on Khelo India - Annual Sports Competition", Ministry of Youth Affairs and Sports, 26 May 2016

¹⁹³ "Operational Guidelines on Khelo India - Annual Sports Competition", Ministry of Youth Affairs and Sports, 26 May 2016



states are incentivised to host national games due to the potential proliferation of tourism and hospitality, and real estate sectors, in addition to the boost it provides to state revenues.

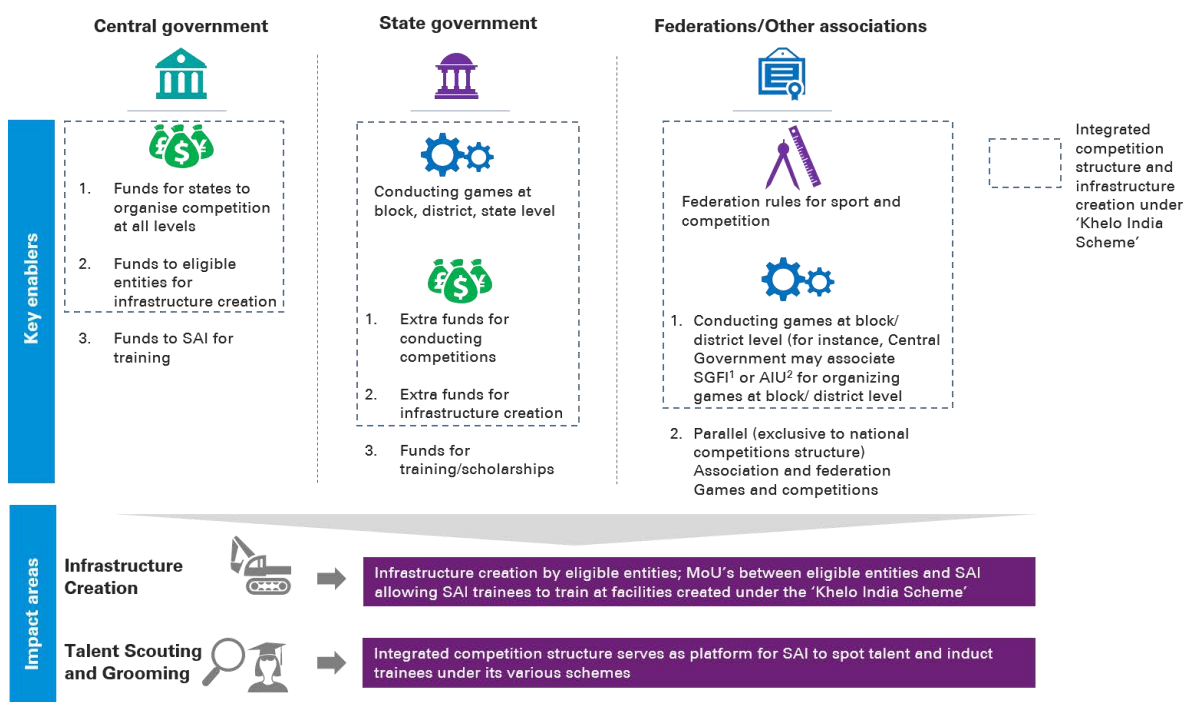
II. Sports infrastructure creation -

- **Funding:** The scheme allows central grants for certain infrastructure projects and sports facilities creation at the state/UT/district/sub-district level.
- **Eligible entities for central grant:** State governments/state sports council/state sports authority, local civic bodies, schools/colleges/universities under the central/state governments, sports control boards.

- **MoU with SAI:** The beneficiary of the central grant for creation of sports infrastructure/training facilities shall enter into a memorandum of understanding with SAI in order to provide the latter access, for a minimum of 10 years, to the facilities on a time sharing basis for training SAI trainees and holding competitions.

The role of the central and state governments as well as the federations in infrastructure creation is summarised in the figure below:

Role of the government and the federations in infrastructure and training



Note: (1) SGFI- School Games Federation of India, (2) AIU- Association of Indian Universities
Source: KPMG in India's analysis, 2016



The 'Khelo India Scheme' is a step in the right direction towards a more integrated competition structure leading to the national games through standardised guidelines for organising competitions and talent scouting, incentive-based infrastructure creation (minimum facilities for national games allotment) and activity-based release of funds (release of grants upon finalisation of the games calendar) across all states. However, the central and state governments may perhaps further look towards aligning along the following:

- Developing standardised guidelines for asset utilisation and role of PPP in sports facility creation/management to incorporate sports policies across all states.
- Database creation of successful sportspersons through IT integration of the state and centre. External access to such a system could enable the private sector to support deserving athletes with financial assistance and support.
- Successful integration of well performing private academies into the 'Khelo India Scheme' as high performance centres for training camps and possible induction of talent scouted during the games.

The role of the private sector in infrastructure creation is discussed in the following section.

Role of the private sector

Private sector involvement in sports infrastructure development and training is through three modes- Public Private Partnerships (PPPs), for-profit academies and strategic initiatives, and CSR and non-profit participation.

Public Private Partnerships

The need for successful PPP in sports

infrastructure development: The involvement of the private sector in sports infrastructure development in India is mainly in the form of PPPs. Successful PPPs are therefore, a key enabler of sports development. PPPs can be explored for creating infrastructure through 'Build-operate-transfer' (BOT) models by contracting construction companies specialising in building multi-purpose centres or allowing professional private sector entities to manage and control the existing state/central government sports infrastructure with the objective of building commercial models

and converting the same into revenue centres. Higher asset utilisation and revenue generation could in turn incentivise sports infrastructure creation.

Current PPP activity in India: PPP for sports development in India is limited owing to a lack of standardised guidelines and incentives for states to integrate PPP into their sports policies — resulting in funding constraints. However, some examples of PPP and PPP-related schemes in India include:

- The Naya Raipur Development Authority is building a sports city in Naya Raipur, which would have facilities like tennis, aquatic and an indoor stadium along the PPP model (specifically, BOT). Private players are expected to build the facility and hand it over to the authority. Some amount of this land is earmarked for a residential complex, which could cross-subsidise the sports facilities.¹⁹⁴
- Jindal Steel Works (JSW) has collaborated with SAI as part of its CSR initiative to oversee the upgrading and maintenance of infrastructure at SAI's regional training centre in Hisar. The latter is expected to monitor the training and selection of players.¹⁹⁵
- The National Sports Academies scheme envisaged by SAI aims to develop sports academies for various sporting disciplines in collaboration with their respective National Sports Federations in the PPP mode.¹⁹⁶

Critical success factors for successful PPP in India:

Critical success factors for effective use of the PPP mode for sports infrastructure development and India's position across these factors is discussed below:

- Integration of PPP into the sports policy of states: States may integrate PPP into their sports policy. Various states in India such as Gujarat and Rajasthan, have delineated the role of PPP in their sports policy while other states such as Madhya Pradesh have already started development of sports cities via the PPP mode. The sports policy of Haryana, a leading sporting state, defines in depth the need for development of sports facilities when developing new commercial/residential spaces.¹⁹⁷
- Favourable PPP policy and direction/incentive for PPP in sports from the central government: The Union Budget 2016 focussed on reviving PPP¹⁹⁸ for infrastructure creation through action for ensuring improved liquidity, easier credit rating mechanism, and boosting (Real

¹⁹⁴ "Business of Sports: Shaping a Successful Innings for the Indian Sports Industry", CII-KPMG, 2014

¹⁹⁵ "Business of Sports: Shaping a Successful Innings for the Indian Sports Industry", CII-KPMG, 2014

¹⁹⁶ "Business of Sports: Shaping a Successful Innings for the Indian Sports Industry", CII-KPMG, 2014

¹⁹⁷ "Development of Sports & Sports Infrastructure: A Roadmap", ASSOCHAM-YES BANK, February 2014

¹⁹⁸ "Budget 2016: Push for rural infra, PPP revival", Indian Express, 1 March 2016



Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs), further easing fund flows. In addition, the central government may develop guidelines for PPP in sports policy for states to adopt and make available case studies of successful implementation of PPP by states in India. The centre may incentivise states to adopt PPP to spur infrastructure creation by using the same as a criteria for allotment of national games.

Case study: Envisaging and defining the role of PPPs for sports infrastructure development in Andhra Pradesh

On account of Andhra Pradesh being selected to host the national games 2018-19, the State Government has enhanced the budget for development of sports infrastructure. The Government of Andhra Pradesh expects to make an allocation of almost INR1,000 crore for developing stadia in different districts. The objective of using PPP for sports infrastructure development stems from the flexibility it allows the government to focus entirely on recruiting top physical education trainers and coaches to train youth in different sports activities while the private players focus on the revenue aspect.¹⁹⁹

The State Government believes taking up the PPP mode would allow for the incorporation of a provision for setting up shopping complexes and other infrastructure in the stadium. This would not only help in effective maintenance of the stadium but would also make the stadium self-sufficient in terms of revenue. Under Andhra Pradesh's PPP initiative, private players would be allowed to open these facilities for the citizens on payment of fees and the stadium can be put to use all year round, driving sporting culture. Once built, the stadium could also double as a venue for business activities, annual general meeting, school games, sports functions, regional games, music concerts, live performances, etc.²⁰⁰

Self-sustainable (for-profit) academies and other strategic initiatives

While private sector involvement in stadium/sports city creation is mainly through the PPP mode, several self-sustainable ventures and strategic initiatives exist in the training and academies space. Several top ranking academies are run by former sportspersons themselves and have produced some leading players. Some of the top private academies include²⁰¹:

- Gopichand Badminton Academy
- GunforGlory
- Mary Kom Boxing Academy
- Mahesh Bhupathi Tennis Academy
- Prakash Padukone Badminton Academy
- Baichung Bhutia Football Schools
- Bhiwani Boxing Club

While support in terms of land from the government and financial assistance from NSDF are often provided, the government may also get into partnerships/MoUs with these academies to organise training camps and recognise them as high performance centres. Moreover, the government needs to ensure easier financing, availability of greater pool of trained professionals and more revenue streams as the industry matures (sale of trained players to leagues/franchises, naming rights, etc.). Steps in this direction can go a long way in ensuring sustainability of these academies.

Advent of leagues is seeing a rise in strategic initiatives by league promoters and franchises to invest in grassroots infrastructure, training and talent scouting to actively engage communities and develop a culture for their respective sports, ensuring long-term sustainability of their commercial properties (leagues and franchises). For instance, IMG Reliance has entered into a 30 year partnership with Basketball Federation of India (BFI) and a 15 year partnership with the All India Football Federation (AIFF).²⁰² These partnerships entail BFI and AIFF granting commercial rights to all basketball and football properties (sponsorship, advertising, broadcasting, merchandising, intellectual property, new league and franchise rights, etc.) aimed at developing basketball and football from the grassroots level to a professional league.

199 "AP to allocate 1,000 crore for sports infrastructure", The Hindu, 8 March 2016
200 "Sports Infrastructure to get a taste of PPP", Financial Express, 2 August 2012

201 "Top 10 sports academies in India - Slide 1 of 10", Sportskeeda, 8 September 2014
202 IMG Official Website, www.img.com, accessed as on 30 August 2016



CSR and non-profit

Corporate houses have traditionally invested in sports through their CSR programmes, which has been the main vehicle of private sector involvement in sports. Some examples include:

- Jindal Steel Works Foundation (the CSR arm of JSW) has established one of the largest and prominent squash academies in Vasind, Maharashtra that has produced international and national level players
- The Reliance Foundation (the CSR arm of Reliance) runs multiyear grassroots development programmes²⁰³ in basketball and football under the Reliance Foundation Young Champs and Reliance Foundation Junior NBA initiatives

Apart from corporate houses, there are non-profit players such as the Olympic Gold Quest (OGQ) that support athlete training requirements and extend financial support to upcoming athletes by raising funds from individuals and corporates. Four out of the six medal winners²⁰⁴ at the 2012 London Olympics were supported by OGQ.

CSR is an important avenue for sports development and the government and corporate houses/non-profit foundations may co-operate to realise synergies in academy building, talent scouting and grooming in order to achieve the best results possible.

Innovation in sports infrastructure development

Asset planning, development of multi-purpose stadia and innovative revenue generating streams are common methods for determining high future revenue generating potential of infrastructure and Rol.

In addition to this, stadia developers are looking at technology to create experiences that ensure that fans keep coming back. They are resorting to technological advancements such as:

- Powerful wireless networks: Connectivity has become a top priority for ensuring fan interaction. Offering fast, reliable and secure connectivity can lead to more revenue from additional food, beverage and merchandise purchases.
- Leading mobile apps: These apps are becoming an efficient and profitable way to engage the audience at live events. By

offering services such as finding parking spots, locating seats, ordering food etc. these apps add to a smooth customer experience.

- Mobile Point of Service (POS): Mobile POS systems enable fast, secure concessions and merchandise sales by delivering right to the seats. Hence, waiting in line is not required and space, manpower and time used can be reduced.
- Beacons: Beacon implementation allows teams to exclusive, stadium only promotions to their fans devices.
- Digital touch screen kiosks: These self-service kiosks can be used for viewing venue maps, finding restrooms, placing food and merchandise orders, etc.
- Giant HD video screens: Via these, fans can watch HD live streams of the event, even when they leave their seats.
- High speed cameras: These high speed cameras are making it easier for fans to take selfies and pictures and hence enhancing their experience. The cameras can take up to one million pictures during every game and fans can download them at their convenience.
- Customer Data Platforms (CDPs): CDPs allow sports teams to gather useful information about their fans and send them personalised content to sell tickets, merchandise, etc.
- Targeted in-stadium ads: Denver Broncos' Sports Authority Field created a powerful marketing platform by installing 1,200 displays that are 55 inches or larger for compelling high-definition experiences and high-impact partner content. Using these to display customised ads and offers, Broncos saw a 50 per cent increase in partner sponsorship revenue.
- Go Pro video streaming: Using Go Pro video streaming gives fans a feel of what it is like to see through the eyes of an NFL player. These stunning visuals creates a lot of buzz in the venue.²⁰⁵

²⁰³ "Jio for Rio: Indian Olympics contingent gets backing from Reliance Digital Services", Firstpost, 17 July 2016
²⁰⁴ Olympic Gold Quest Official Website, www.olympicgoldquest.in, accessed as on 30 August 2016

²⁰⁵ "10 Ways Stadiums & Venues Are Using Technology to Delight Fans & Keep Them Coming Back", Umbel, 29 September 2015



Some leading international examples and practices are mentioned below.

Examples of legacy planning, technical innovation and innovative ways to monetise stadiums

1. **City of Manchester Stadium (A case study for legacy planning):** Initially built as the main athletics stadium for the Commonwealth games 2002, it was converted into a football stadium by Manchester City FC for effective monetisation. The club has been able to make this venture profitable through innovative deals like selling the naming rights to an international airline and using the match day sales to pay rent to the council.
2. **Italy Turina Stadium (A case study for innovative financing):** With an overall project cost of INR901.5 crore (EUR120 million), the financing of the stadium had a complex structure. Half the financing was obtained from selling a commercial centre to be built within the stadium. Moreover, exclusive naming rights and a proportion of the premium seating capacity were sold to an international sports rights marketing agency.
3. **Levi's Centre (A case study on technical innovation):** Levi Centre, home to San Francisco's 49ers, is one of the most connected stadiums in the world. Its visitors can connect to a Wi-Fi network 10,000 times faster than the federal classification of broadband. The 49ers have also developed an app that can be used in the stadium to order food, watch replays and buy tickets. The stadium also uses beacons to geomap fans to alert them to the closest restroom or the shortest line.²⁰⁶

Sports infrastructure developers in India may follow the above mentioned leading practices in asset planning, technical innovation and design of multi-purpose centres in order to keep utilisation rates high, and ensure high monetisation through enhanced user experiences. This in turn can allow sports infrastructure developers/sports organisers to achieve sustainability, driving greater infrastructure creation.

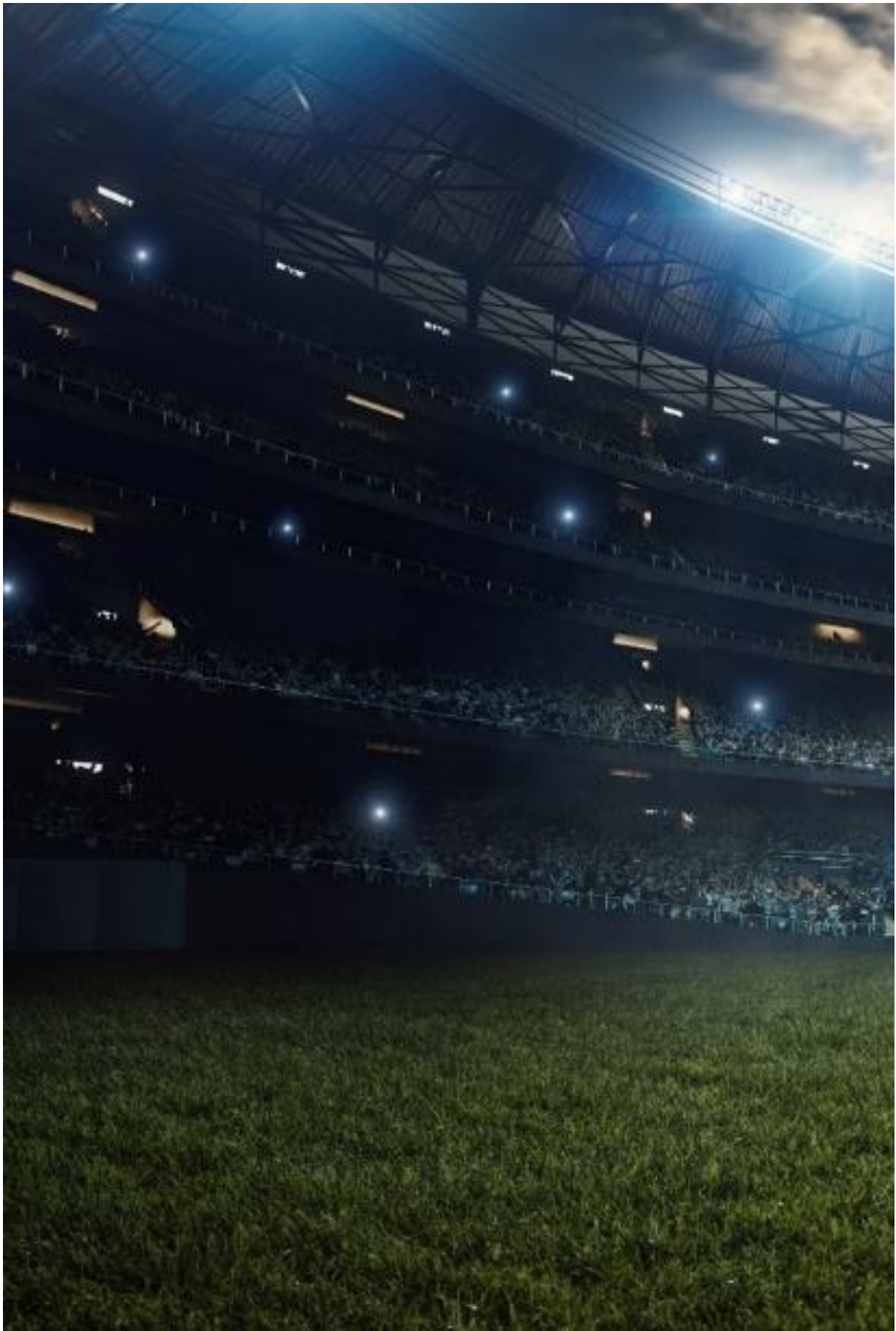
Key issues and challenges in sports infrastructure development

Several issues and challenges in the sports infrastructure segment are listed below along with indicative recommendations, where possible.

- **Restrictive guidelines for availing a sports infrastructure creation grant under 'Khelo India Scheme':** The guidelines mandate construction of a sports infrastructure project by only CPWD, state PWD, central/state PSU. In order to bolster development of niche sports infrastructure companies and the sports infrastructure ecosystem, the government may on the other hand ensure that the eligible entities availing the grant, follow a competitive bidding process, inviting participation from the private sector/niche sports construction companies.
- **Lack of clear guidelines on asset utilisation:** India lacks in asset planning and monetisation of built assets, disincentivising infrastructure creation. The centre may develop clear guidelines for maintaining sports asset utilisation rates (for instance 75 per cent utilisation throughout the year)²⁰⁷ to all states, in order to avail centre grants for further sports facility creation. This is likely to enforce due diligence in identifying the sites and sustainable asset planning for sports infrastructure creation.
- **Limited PPP in sports infrastructure creation:** Steps need to be taken to enhance the use of PPPs for sports development. The centre may release standard minimum guidelines for the role of PPPs in sports infrastructure creation for states to adopt and make available case studies of successful PPP implementation in states. The centre may also design the criteria for allotment of national games on the basis of the extent of the integration of PPPs in the state sports policy.

²⁰⁶ "10 Ways Stadiums & Venues Are Using Technology to Delight Fans & Keep Them Coming Back", Umbel, 29 September 2015

²⁰⁷ "Development of Sports & Sports Infrastructure: A Roadmap", ASSOCHAM-YES BANK, February 2014





The way forward

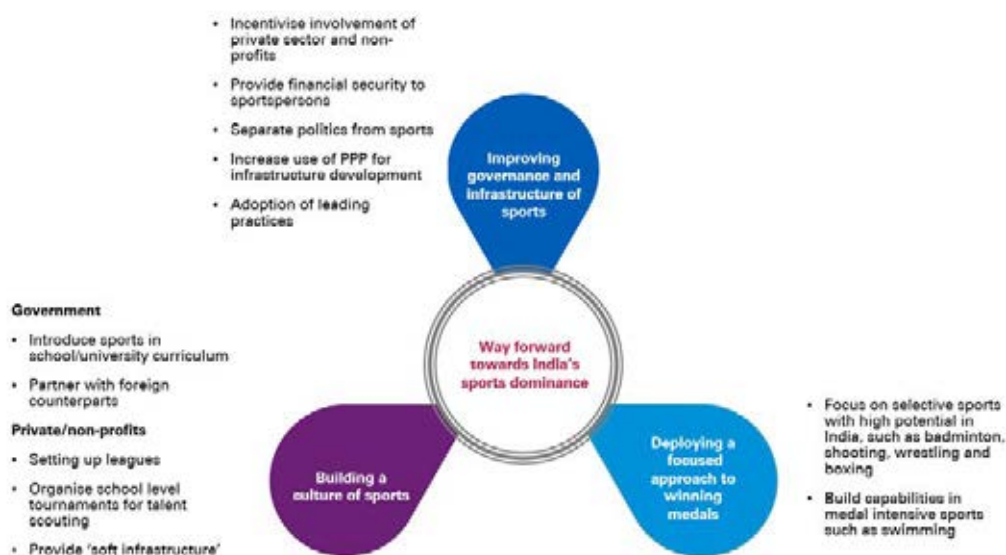




Becoming a stronger force in sports

India has a long way to go before it emerges as a serious player in the world of sports. The country is facing a moment of truth after yet another underwhelming performance at the 2016 Rio Olympics. To initiate a strong foundation for the development of sports in India, the country needs to focus on three major aspects — governance and infrastructure, culture and focused approach to winning medals.

Key focus areas to attain dominance in sports



Source: KPMG in India's analysis, 2016





Improving the governance and infrastructure of sports

The government has taken some major initiatives in this aspect, such as the 'Khelo India' Scheme, which focusses on developing sports infrastructure in rural as well as urban areas, encouraging a sporting culture through competitions, and identifying and nurturing young talent. However, there are a multitude of other initiatives that could help the country achieve sporting prowess.

Incentivise involvement of the private sector and non-profit organisations

The government can seek the support of the private sector and non-profit organisations for sports development — by providing monetary and/or tax incentives for establishing sports training facilities, talent scouting and organisation of leagues and tournaments.

Provide financial security to sportspersons

Currently, sports is a high-risk proposition for the Indian youth. The government can significantly improve financial assistance provided to sportspersons and make it a lucrative career option to increase participation.

Decouple politics from sports

To have former sportspersons of proven ability leading sports bodies such as NSFs, can help achieve better visibility for each sport along with reduction in inefficiencies.

Increase the use of PPP for infrastructure development

The government can utilise the PPP model to enhance and speed-up infrastructure development in rural as well as urban areas. Relaxations in policies regarding credit facilitation, taxation, control, ownership and management of infrastructure can help attract companies in this space.

Adoption of leading practices

There are various models of sports governance and development, which are efficient and transparent, and have proved to be successful for different countries. For example, China and the U.S. have contrasting, but successful sports models.

Key features of the Chinese and American sports model

China

- China follows an extremely rigorous programme focussed on developing a small group of children into Olympians
- The government identifies potential medalists at young ages of four to five years, and they are trained hard with a single goal of earning medals for the country

The U.S.

- The U.S. has integrated sports with education, and the college sports competitions — governed by the National Collegiate Athletic Association (NCAA) — are highly popular across the country

Therefore, India could gain by utilising leading practices of sporting nations to develop a comprehensive framework for sports governance and management.

Building a culture of sports

According to the Managing Director of a leading sportswear brand in India, the most important element for developing a culture of sports in India is a change in the mindset of Indian parents²⁰⁸, who typically discourage their children from spending too much time on sports. The key to countering this mindset is a change at the base level, where talent can be identified and groomed at an early age — thus providing confidence to Indian parents.

When legendary Brazilian footballer Pele visited India in October 2015, his advice on how to develop football in the country was — “start working at the base, it is important to train kids for the future”.²⁰⁹

Therefore, in order to develop a strong sporting culture in India, the government and the private sector/non-profits can work in tandem and contribute to grassroots development.

Key initiatives the government can take

- **Introduce sports in school/university curriculum:** Currently, many of the schools, colleges and universities focus only on academic development of children. The government can mandate these academic

²⁰⁸ “Building a sports culture in India”, Business Standard, 28 April 2014

²⁰⁹ “Start at the base is Pele's advice”, The Hindu, 13 October 2015



institutions to introduce physical education and participation in sports as a part of the curriculum to provide every student an exposure to sports. Sports could be treated equally with academics by introducing it as a subject with equal weightage in examinations. This can be done by working with the governing bodies such as the Central Board of Secondary Education (CBSE), Council for the Indian School Certificate Examinations (CISCE), state boards and All India Council for Technical Education (AICTE).

- **Partner with foreign counterparts:** The Indian government can partner with foreign governments to enable knowledge transfer that is mutually beneficial. Special programmes could be arranged for introducing Indian sportspersons to world class training in sports where India has the potential to excel, but is lacking in skill set (and vice versa). For example, India is referred to as the 'sleeping giant' of football; the country's budding footballers could gain a lot from a comprehensive long-term development programme, which may far exceed the benefits of having foreign coaches for a short duration.

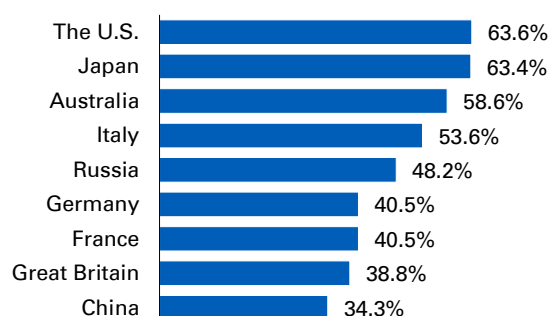
Key initiatives which the private for-profit and non-profit entities can undertake

- **Setting up leagues:** In the past two to three years, India has witnessed a surge in the number of leagues set-up across multiple sports including football, kabaddi, wrestling, badminton and hockey. More league-based tournaments for other sports that India has the potential to excel in (for example, archery, boxing and shooting) can help further promote the idea of sports as a viable career option.
- **Organise school level tournaments for talent scouting:** Several corporates, non-profits and professional leagues in the country are involved in identifying young sporting talent through small-scale tournaments and training programmes. However, the accessibility of these programmes is limited, and thus, many more organisations are needed to expand the reach to rural areas as well.
- **Provide 'soft infrastructure':** In addition to the physical infrastructure, sportspersons also need 'soft infrastructure' for their development; non-profits can go a long way in grooming talented sportspersons through mentorship programmes and facilitating training for the coaches.

Employ a focussed approach towards selective medal-intensive sports

An analysis of medals won by countries at the Olympics reveals that the leading medal winners have consistently garnered most of their medals from a select set of sports, and the trend continued at 2016 Rio Olympics as well.²¹⁰ For the U.S., which led the medal tally at 121, the top three sports (by the number of medals won) accounted for 63.6 per cent of the total medals won at the 2016 Rio Olympics.²¹¹

Share of the top three sports in the total medals won at the 2016 Rio Olympics – by country



Source: "Rio Olympics: How countries performed", Livemint, 24 August 2016

This indicates that leading medal winners strategically focus on a specific set of sports and try to maintain their lead. For example, China has displayed exemplary leadership in table tennis; the country has won 28 gold medals from a total of 32 events across eight Olympics from 1988–2016 (both inclusive).²¹² Similarly, the U.S. has consistently led swimming events.

India has also displayed some potential in badminton, boxing, wrestling and shooting — with all of the 12 medals won in the last four Olympics (2004–16) coming from these four sports.²¹³

²¹⁰ "Rio Olympics: How countries performed", Livemint, 24 August 2016
²¹¹ "Rio Olympics: How countries performed", Livemint, 24 August 2016

²¹² "China dominates table tennis like no country in any other Olympic sport", qz.com, 11 August 2016
²¹³ "Rio Olympics: How countries performed", Livemint, 24 August 2016



About KPMG In India

KPMG in India, a professional services firm, is the Indian member firm affiliated with KPMG International and was established in September 1993. Our professionals leverage the global network of firms, providing detailed knowledge of local laws, regulations, markets and competition. KPMG has offices across India in Chandigarh, Gurgaon, Noida, Ahmedabad, Vadodara, Mumbai, Pune, Bengaluru, Kochi, Chennai, Hyderabad and Kolkata. KPMG in India offers services to national and international clients in India across sectors. We strive to provide rapid, performance-based, industry-focussed and technology-enabled services, which reflect a shared knowledge of global and local industries and our experience of the Indian business environment.

KPMG International

KPMG International is a global network of professional firms providing Audit, Tax and Advisory services. KPMG member firms operate in 155 countries and have more than 174,000 outstanding professionals working in member firms around the world.

The KPMG Audit practice endeavours to provide robust and risk-based audit services that address member firms' clients' strategic priorities and business processes.

KPMG's Tax services are designed to reflect the unique needs and objectives of each client, whether firms are dealing with the tax aspects of a cross-border acquisition or developing and helping to implement a global transfer pricing strategy. In practical terms that means, KPMG firms work with their clients to assist them in achieving effective tax compliance and managing tax risks, while helping to control costs.

KPMG Advisory professionals provide advice and assistance to help enable companies, intermediaries and public sector bodies to mitigate risk, improve performance, and create value. KPMG firms provide a wide range of Risk Consulting, Management Consulting and Deal Advisory services that can help their clients respond to immediate needs as well as put in place the strategies for the longer term.

About CII

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes. CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895, India's premier business association has over 8000 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 200,000 enterprises from around 240 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society

organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

The CII theme for 2016-17, Building National Competitiveness, emphasizes Industry's role in partnering Government to accelerate competitiveness across sectors, with sustained global competitiveness as the goal. The focus is on six key enablers: Human Development; Corporate Integrity and Good Citizenship; Ease of Doing Business; Innovation and Technical Capability; Sustainability; and Integration with the World.

With 66 offices, including 9 Centres of Excellence, in India, and 9 overseas offices in Australia, Bahrain, China, Egypt, France, Germany, Singapore, the UK, and the US, as well as institutional partnerships with 320 counterpart organizations in 106 countries, CII serves as a reference point for Indian industry and the international business community.

Glossary

ABSC	Army Boys Sports Companies Scheme
AICTE	All India Council for Technical Education
AIFF	All India Football Federation
AIU	Association of India Universities
AKF	Asian Kabaddi Federation
AKFI	Amateur Kabaddi Federation of India
ATK	Atletico de Kolkata
BARC	Broadcast Audience Research Council
BCCI	Board of Control for Cricket in India
BFI	Basketball Federation of India
BOT	Build-operate-transfer
CAGR	Compound Annual Growth Rate
CAS	Court of Arbitration for Sports
CBSE	Central Board of Secondary Education
CISCE	Council for the Indian School Certificate Examinations
COE	Centres of Excellence
CPWD	Central Public Works Department
CSR	Corporate Social Responsibility
CTL	Champions Tennis League
CWC	Cricket World Cup
CWF	Commonwealth Games Federation
CWG	Commonwealth Games
DSA	District Sports Association
FIFA	Fédération Internationale de Football Association
GBP	Great Britain Pound/British Pound
GDP	Gross Domestic Product
GRP	Gross Rating Point
HIL	Hockey India League
ICC	International Cricket Council
IHF	Indian Hockey Federation
IKF	International Kabaddi Federation
INR	Indian National Rupee
IOA	Indian Olympic Association
IOC	International Olympic Committee
IPL	Indian Premier League
IPTL	International Premier Tennis League
ISL	Indian Super League
JSW	Jindal Steel Works

KAI	Karate Association of India
KKR	Kolkata Knight Riders
LNCPE	Lakshmibai National College of Physical Education
MoU	Memorandum of Understanding
MYAS	Ministry of Youth Affairs and Sports
NBA	National Basketball Association
NFL	National Football League (U.S.A.)
NSDC	National Sports Development Code of India
NSDF	National Sports Development Fund
NSF	National Sports Federation
NSNIS	Netaji Subhas National Institute of Sports
NSTC	National Sports Talent Contest Scheme
OCA	Olympic Council of Asia
OGQ	Olympic Gold Quest
PBL	Premier Badminton League
PKL	Pro Kabaddi League
PPP	Public Private Partnership
PSU	Public Sector Undertaking
PWD	Public Works Department
PWL	Pro Wrestling League
PYKKA	Panchayat Yuva Krida Aur Khel Abhiyan/Rajiv Gandhi Khel Abhiyan
REIT	Real Estate Investment Trusts
SAG	Special Area Games Scheme
SAI	Sports Authority of India
SGFI	School Games Federation of India
SOA	State Olympic Association
SPN	Sony Pictures Networks India
SSA	State Sports Association
STC	SAI Training Centres
TVT	Television Viewership in Thousands
UEFA	Union of European Football Associations
U.S./U.S.A.	United States of America
USD	United States Dollar
UT	Union Territory
WKC	Women's Kabaddi Challenge
WWE	World Wrestling Entertainment
y-o-y	Year-on-Year

Acknowledgements

This report was prepared by KPMG team from India comprising of:

- Jitesh Gera
- Smita Jain
- Snegdha Gupta
- Sonali Sethi
- Sharon D'silva
- Aamir Munshi
- Sheekha Panwala
- Shveta Pednekar





KPMG in India contacts:

Nitin Atroley

Partner and Head

Sales and Markets

T: +91 124 307 4887

E: nitinatroley@kpmg.com

Jaideep Ghosh

Partner and Head

Transport, Leisure and Sports

T: +91 124 307 4152

E: jaideepghosh@kpmg.com

KPMG.com/in

Confederation of Indian Industry (CII) contacts:

Amrita Nanavaty

Deputy Director

T: +91 22 2492 9694

E: amrita.nanavaty@cii.in

Dr Saugat Mukherjee

Regional Director - Western Region

T: +91 22 2493 1790

E: s.mukherjee@cii.in

cii.in

Follow us on:

kpmg.com/in/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

IOC Trademarks, the IOC logo, and any other product or service name or slogan contained in the document are trademarks of the IOC.

All product names, logos, trademarks, service marks and brands are property of their respective owners. All company, product and service names used in this document are for identification purposes only. Use of these names, logos, trademarks, service marks and brands does not imply endorsement.

© 2016 KPMG, an Indian Registered Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

This document is meant for e-communications only. (031_THL0916)