

GROWTH TRENDS IN THE GAMING INDUSTRY OF INDIA

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ABSTRACT

India's gaming industry is thriving, and it is one of the most essential and inventive industries in technology today. This industry has faced a number of challenges in the past few years. High tax rates, lack of support and lack of awareness were some of the major issues. Now, gaming is being accepted and getting the recognition it deserves. Mobile gaming has become a popular source of entertainment for people of all ages and from all walks of life in India, thanks to the accessibility and affordability of smart phones and high-speed internet. Localised games are likely to gain traction as penetration, ease of use, awareness, and, most importantly, a sense of familiarity increases. There is a huge sports fan base as well as availability of digital infrastructure in India. Online Fantasy Sports Platforms (OFSPs) could foster the growth of this sector. An increased user base, emerging technologies, and government support are a few of the underlying factors behind the increasing investment. The purpose of this article is to review the recent literature on the magnification of gaming sector in the Indian economy, factors that induced this growth, the driving forces behind huge investments in this domain and recent investments that are crucial to this industry.

Keywords: Gaming Industry, Investment, Growth, Mobile gaming, Gamers

INTRODUCTION

“Gaming is a fool’s errand”. Well, not anymore. With a projected user base of 500+ million gamers and a net worth of \$1 billion, the perception of people in India has changed towards gaming from a taboo to widespread acceptance. Gaming industry of India is currently booming and is one of the most important and innovative sectors in tech today. But it was a tough row to hoe.

In the previous years, India’s gaming industry has faced the following challenges:

Higher tax rates

Gaming products like VR headsets, gaming console, graphic cards etc. were very expensive in India due to high rate of taxes. More than 50% of the Indian population consists of middle-class households therefore, it was not a piece of cake to buy these supplies.

Lack of awareness

People used to believe that gaming is just a hobby and it can be nothing more. The innovative and high ranging career paths in this sector were being overlooked. There were not many courses related to game development available as well.

Lack of support

Domestic companies or individuals were not getting much support for the games they developed. Gamers were more focused on international games like PlayStation, Xbox, Fortnite etc.

Mindset of the society

The attitude of 'go with the tide' has always hampered the growth of creative fields. Individuals who become doctors, engineers, and professors are praised all around. But individuals trying to make it big in the gaming industry have not been given the same respect by the society.

The gaming companies have literally 'upped their game' in the past couple of years. With approximately 75% of the population below the age of 45 and increasing urbanization, the gaming sector has been growing at an exponential rate. Increased smartphone users and the introduction of 5G connectivity has brought out revolutionary changes for this industry. Finally, gaming is now being accepted as an art form and getting the recognition it deserves.

As per the reports given by Federation of Indian Chambers of Commerce & Industry (FICCI) online gaming in India will grow at a faster rate than online gaming globally.

REASONS FOR GROWTH IN GAMING INDUSTRY

Content customization

Game developers have realized that the best way to reach the Indian market is to create localized content. Many Indian festivals such as Diwali, Eid, Holi etc. are recognized by the huge game development companies and special events in association with these festivals are included as a part of the game. Many games of Indian origin, such as Ludo and Teen Patti have become popular recently. In addition, gaming companies are launching their games in regional languages of India, which also promotes inclusion.

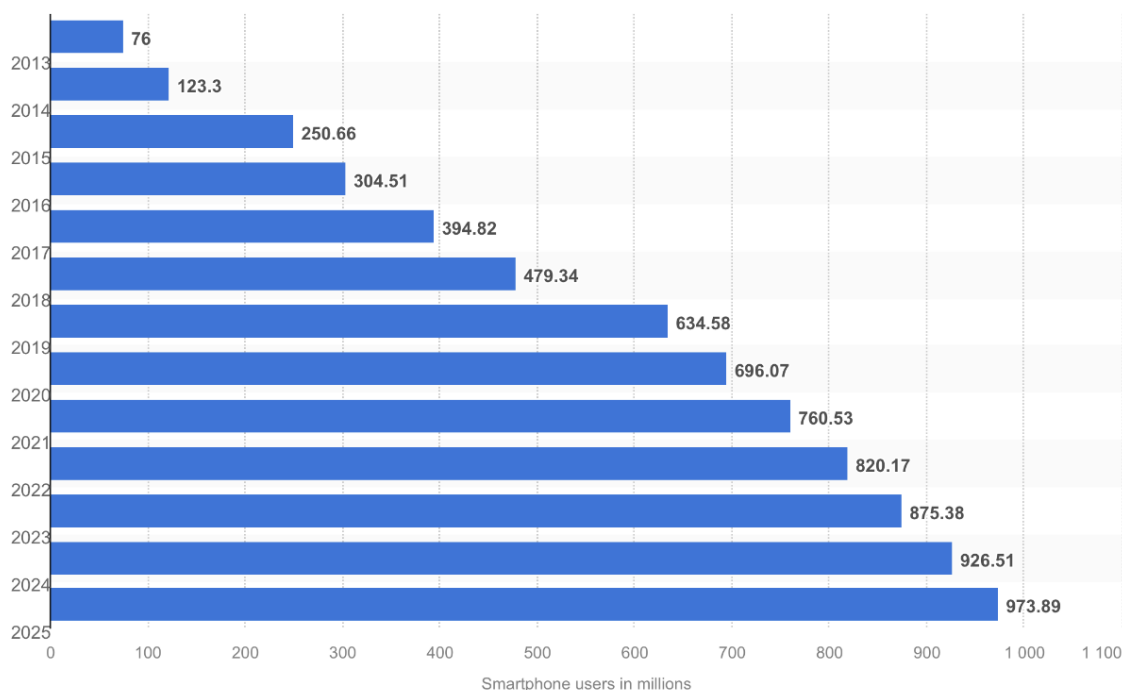
The Gamification of everything

Research shows that rewards in games give us a sense of achievement. So, we are more likely to accomplish a task (such as completing our daily physical activity target) if it includes games. Global surge in technologies, such as artificial intelligence, have enabled gamification of various aspects of our lives. From getting coupons as rewards from shopping websites, to integration of AR and VR in various industries, gamification has a wide scope. Soon, gaming is expected to become all pervasive.

Increased Smartphone and internet penetration

India has become the second largest country of internet and the smartphone users. There is wider acceptance of digital payments and the country's IT sector is booming. This development is a consequence of technological progression and lower cost of smartphones in the last couple of years. Therefore, mobile games are expected to dominate the market in the future.

Graph 1: Number of smartphone users in India in 2015 to 2020, with estimates until 2025 (in millions)



Source: Statista

Gaming as a career

Gen Z desires a better lifestyle than a 9 to 5 job, five days a week. This is an attractive career opportunity for people who like playing games. What better way to earn money than by playing your favorite video games? Multiple national and international tournaments are held for games with an enormous user base. This field has a lot of untapped potential and is now being recognized as a full-fledged occupation.

Multiple gaming formats

Recent developments in the digital games include various playing formats such as multiplayer mode or “play with computer”. The multiplayer format provides an opportunity to interact and compete with others. Studies have shown that Multiplayer games are preferred more than single player games and people are more likely to make in-app purchases in Multiplayer games.

Esports

Esports or Electronic Sports has also witnessed noticeable growth in recent years. There is a huge sports fanbase as well as availability of digital infrastructure in India. This could foster the growth of Online Fantasy Sports Platforms (OFSPs). Investment in this sector will pave the way for more employment opportunities and will engine the growth of gaming industry. Fantasy sports is also attracting venture capitalists and equity investors as there is huge potential in this market which remains unexploited.

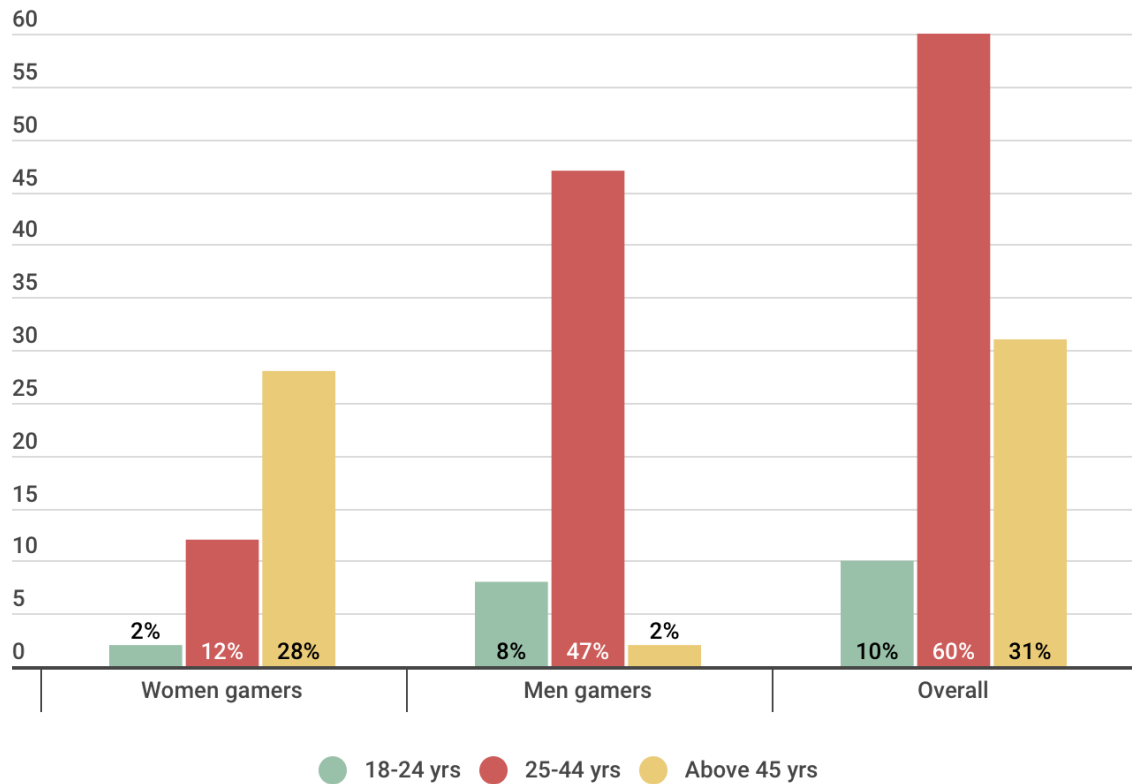
Cloud gaming

Cloud gaming refers to gaming as a service. There is no requirement of installing the games on your PC. There is no need to spend money on expensive computer upgrades to keep up with the requirements of the industry. It is a rising trend and has the potential to completely transform the gaming industry. This field is gaining a lot of traction as most of the gamers in India are focused on mobile gaming.

Improved parity in terms of age and gender

The belief that games are only for children is long gone. Nowadays, games are being developed for all ages. Even though the age barrier is yet to be broken completely, there has been some progress. The average age of a gamer in India is below 24, due to availability of time and technical adequacy. Moreover, women are not behind in the gaming sector anymore. According to a report by Inmobi, women now constitute 43% of the total user base of mobile games, much greater than 17% in 2016.

Graph 2: distribution of online gamers on the basis of gender and age



Sample: Women gamers: 42.35%

Men gamers: 57.65%

Source: InMobi Mobile Gaming Report 2021

Lockdown effect

The covid-19 pandemic has forced everyone to change their lifestyle and has made each person a prisoner in their own homes. Due to this pandemic the World Health Organization (WHO) is encouraging people to stay at home and play video games. It launched a gaming campaign #PlayApartTogether which went viral in 2020. Games like PUBG, Free Fire, Fortnite, and Among us were on peak. Google wasn't much behind on the trend and started featuring doodles of its popular games on its homepage.

INVESTMENT IN GAMING INDUSTRY

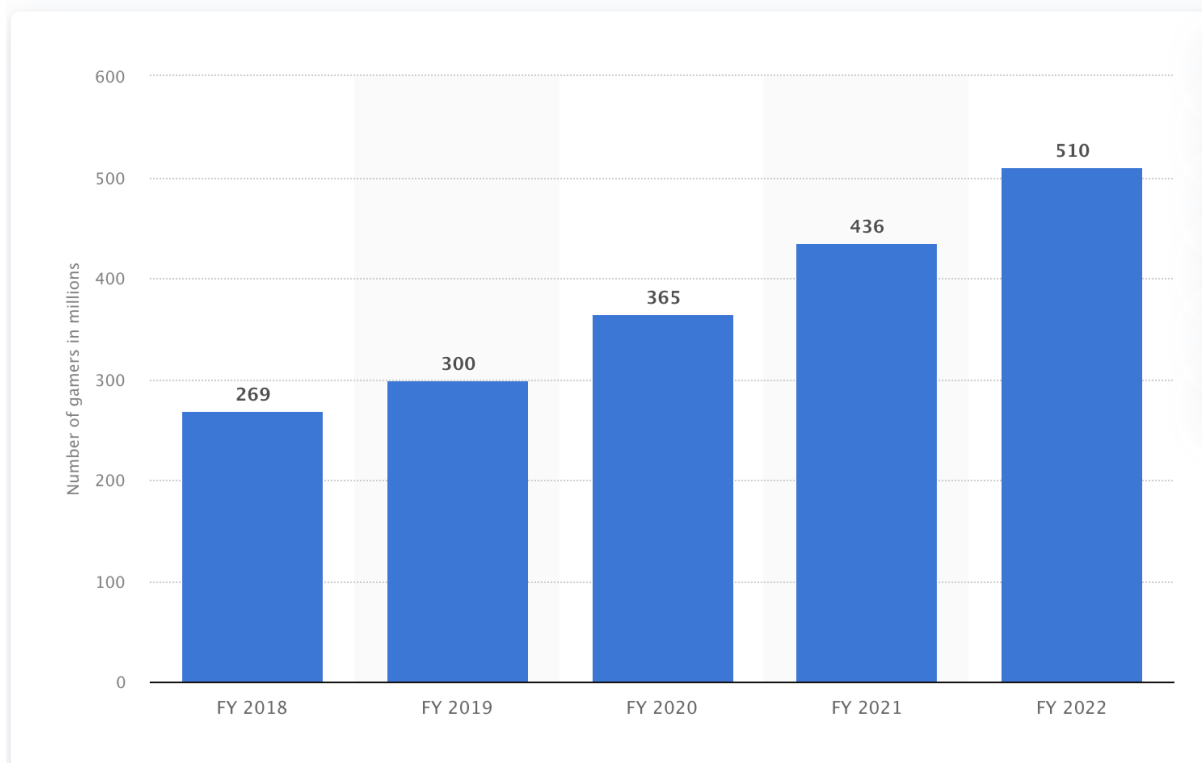
INVESTMENT DRIVERS

Rising consumption volume

Factors including rising disposable income, increased internet connectivity, smartphone penetration and affordable technologies have led to a rapid and continuous increase in the user base of online gaming. Lockdown of 2020 served as a key player on account of which the user base rose by 45%-60%. Fantasy sports, esports and casual gaming increased by 24%, 12% and 15% respectively, in the year 2020.

Graph 3: Number of online gamers in India from financial year 2018 to 2020, with estimates until 2022

(in millions)



Source: Statista

Product quality

With new emerging technologies such as cloud gaming, augmented and virtual reality technology being integrated into the gaming culture, this industry has gained a lot of traction in recent years. Pixelated screens and limited sound effects are a thing of the past, as video games have become more lifelike than ever. Innovation has always been at the heart of the gaming sector. New technology, new controls, and new experiences are to be expected in the near future.

Growing developer ecosystem

Game development is a complex process that requires technical skills, creativity and logical reasoning. There are various career opportunities present in this sector, such as game designer, animator, audio engineer, game programmer etc. These career paths are appealing to the tech savvy youth. There are currently 623 gaming startups in India, with the number anticipated to rise in the future.

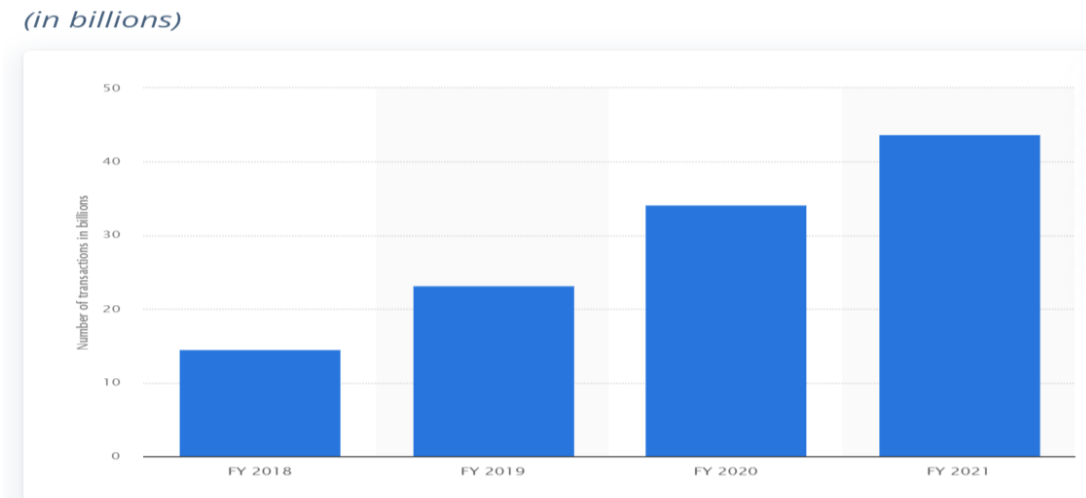
Ban on Chinese apps

In 2020, the Ministry of Electronics and Information Technology (MEIT) banned 267 Chinese-owned apps, including numerous gaming apps, paving the path for Indian game creators to fill the vacancy. India has begun to seize the opportunity. Various alternatives are being created for the gaming apps which were banned. One recently launched alternative to PUBG, which was banned in 2020 and broke many hearts, is "Battlegrounds Mobile India". The full version of Battlegrounds Mobile India (BGMI) was released earlier this month, on July 2, 2021, and the game surpassed 34 million downloads within a week of the launch.

Transaction Based Games

Owing to the wider acceptance of digital payment systems, transaction-based games have started gaining popularity in the recent years. This segment of the gaming industry has the potential to earn humongous profits in the coming future. Therefore, global tech giants are ready to invest in this sector.

Graph 4: Total number of digital payments across India from financial year 2018 to 2021



Source: Statista

Positive outlook of government

In his MannKiBaat address on August 30, 2020, the Hon'ble Prime Minister of India acknowledged the immense potential of the Indian gaming industry, praising the achievements of Indian entrepreneurs and application developers.

Recently, Niti Aayog proposed establishing a single self-regulatory organization for the online fantasy sports industry, which would be governed by an independent oversight board, and restrict online fantasy games to users aged 18 and up.

RECENT INVESTMENTS IN GAMING SECTOR

There are over 15000 game developers and 275 game developing companies in India. Various tech and gaming giants have recognized the potential of gaming sector in India and have started investing in it.

The Indian Gaming League (IGL), a platform for competitive gaming that allows players to win exciting rewards in e-sports contests, has received a massive investment of up to \$500,000 from digital media corporation Hungama and content production company Hindustan Talkies.

Dream 11, MPL, Moonfrog, Nazarra, Octro, Zuppe, and Baazi have received funding from major investors such as Sequoia, TPG, Tiger, Kae, Beenext, Matrix, Chryscapital, Kae, Velo Partners, and BitKraft.

AGTech Holdings invested in Paytm First Games, a real money based gaming platform founded in 2018. Users can play games and receive cash prizes on a daily basis using the portal. Snake War, Ludo, Wheel of Fortune, Panda Stacking & 3 Cards, and other games are available via the platform. Currently, the total funding is \$41 million.

Plutus Wealth and Associates had previously purchased shares worth Rs 500 crore from WestBridge Capital, signifying a total exit for WestBridge. Hornbill Capital has invested Rs 100 crore in IPO-bound Nazara.

Virat Kohli-backed Mobile Premier League (MPL), Asia's premier eSports and mobile gaming platform, just raised \$95 million in a Series D round headed by Composite Capital and Moore Strategic Ventures, valuing the company at \$945 million.

In the year 2019, Sequoia & Times Internet invested a total of \$41 million in Mobile Premier League (MPL).

The gaming project, launched in 2020, is one of the first cloud-based gaming platforms in India. Since it is based on cloud technology, users can play whatever game they choose from a large selection of videogames without worrying about whether or not their device's hardware can support it.

CONCLUSION

India has proved to be a game changer. Overcoming all the obstacles, from lack of awareness to high costs of supplies, Indian gaming Industry is proving to be one of the largest technology-based sectors of the country. Mobile games are projected to dominate the gaming market as a result of smartphone penetration and easy internet connection. Emerging technologies such as AR, VR, AI, and cloud computing will help boost the industry by improving the performance and experience. The ban on Chinese app opened a floodgate of opportunities for career advancement in game development as well as game playing. Many global tech giants and the government of the country are recognizing the untapped potential of gaming sector of India. In the next few years, investments in the industry will increase twofold, with Venture Capitalists, private equity, and a few strategic players gaining traction.

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