

AN EXPLORATORY STUDY ON THE IMPACT OF POPULARITY OF A SPORT AND ITS ECONOMIC IMPACT: CASE STUDY ON CRICKET AND FOOTBALL

Anivartin Daga

Vasant Valley School

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ABSTRACT

The primary research clearly indicated a bias towards important factors like winning a world event and organising shorter versions of the game leading to its popularity as well as macroeconomic linkages of the sports industry. Given the fact that the Indian Economy needs to reduce its unemployment levels and adequately utilise the workforce, it is essential to encourage a large number of sports to become industries. This linkage would help in achieving demographic dividend for the economy.

Research Question: The paper would attempt to analyse the impact of a sport on achieving major economic goals in an economy. Is popularity of a sport directly related to the economic benefits? If this is so, how can a country increase the popularity? The research would look at two important contrasting sports in India: Cricket and Football and analyse the repercussions that these sports have on achieving important macroeconomic indicators. The paper would explore the role of political interference on the sport in question.

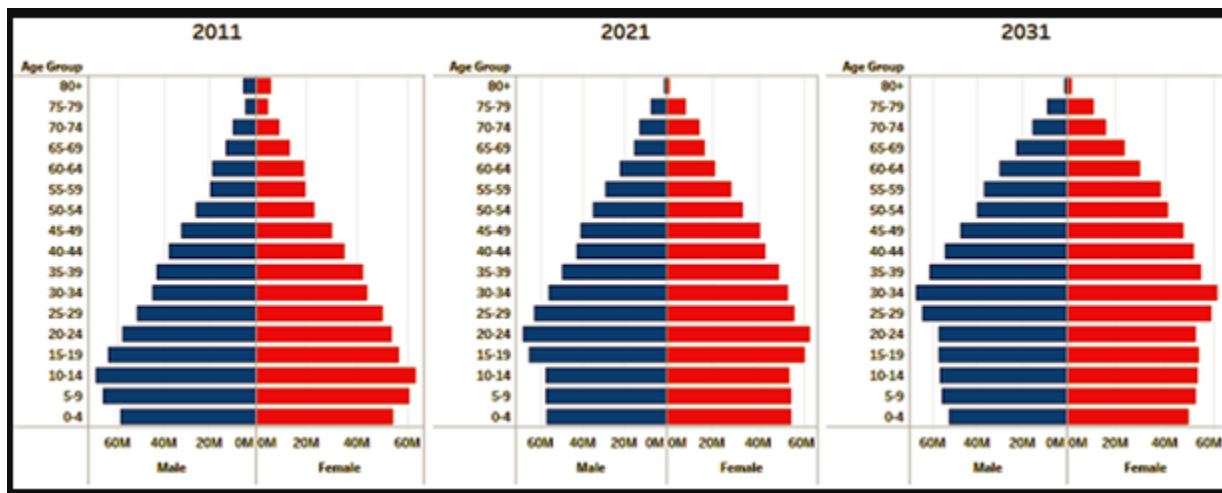
Keywords: Demographic dividend, political influence, sports industry, linkage effect, unemployment, poverty, team sport, macroeconomic goals.

1. Introduction

The primary aim of analysing 'sports' as an industry is to understand deeply the multiple linkage effect that this industry has in achieving the macroeconomic goals that the country would like to achieve. The moment sports is considered as an industry, it inherently indicates that there would be a production function equating output with factors of production and amongst the factors of production, labour and capital would be important. India, being a labour surplus economy, the larger the number of labour-intensive techniques which are adopted would automatically

enhance the demand for labour, and thus create jobs in the country. The Indian economy is presently at a stage where the independent workforce is much more than the dependent workforce. The independent workforce is defined as the age group between 15 years-60 years, while the dependent workforce is defined as the age group from 0-15 and above 60 years. This is also termed as the ‘demographic dividend.’ China made use of this workforce effectively in the 1980s by becoming a hub for production of inexpensive quality products. It is extremely important that India uses this resource in as many industries as possible such that it can take advantage of its independent labour force.

Figure 1: Comparison of India’s independent workforce



Source: Google Images

2. Macroeconomic Goals Of India

a). Reduction in unemployment

Unemployment refers to a state in which an individual who is willing and able to work is unable to find a job. The reduction in unemployment means more people being able to find a job. The Indian Government has been looking to reduce unemployment as a way to stimulate growth in the economy. The unemployment rate in the country has remained around 5.5 percent, but it catapulted to 8% during the pandemic. Although there hasn’t been a significant reduction, there were certainly signs of improvement in the years before the pandemic.

b). Reduction in poverty

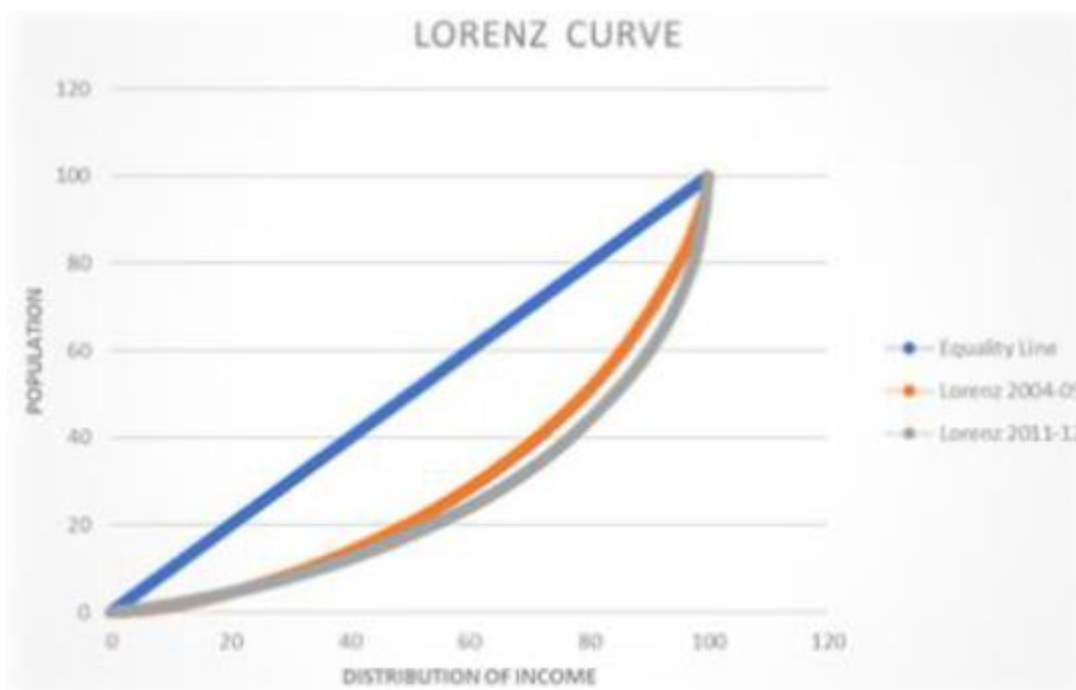
Poverty refers to the state in which an individual has access to only meagre financial resources, which prevents them from meeting basic needs. The government has been aiming for a reduction

in poverty to ensure a greater amount of people have access to healthcare and education, and also to create more employment. India has decreased its poverty rate by 13% from 1990, thus coming a long way in this area, although there's still a long way to go.

c). Reduction in inequality

Inequalities refer to the disparities in income between different sections of society. There has been a significant increase in the difference between the top 10% and the bottom 1% since 1990, highlighting the gravity of the problem, which needs urgent attention.

Figure 2: Depiction of India's inequality(2011-12)



Source: Google Images

d). Increase in Gross Domestic Product (GDP)

The GDP is the money value of final goods and services produced in the country in a specific period of time, normally taken as a year. There has been a consistent rise in the GDP of our country. In 2022, we overtook Britain as the 5th largest economy in the world, and the growth rate of the GDP was 7%. This helps us in achieving our macroeconomic goals and keeping our fiscal deficit within contained limits as well as increasing our exports and imports. The aim is to make the economy more inclusive.

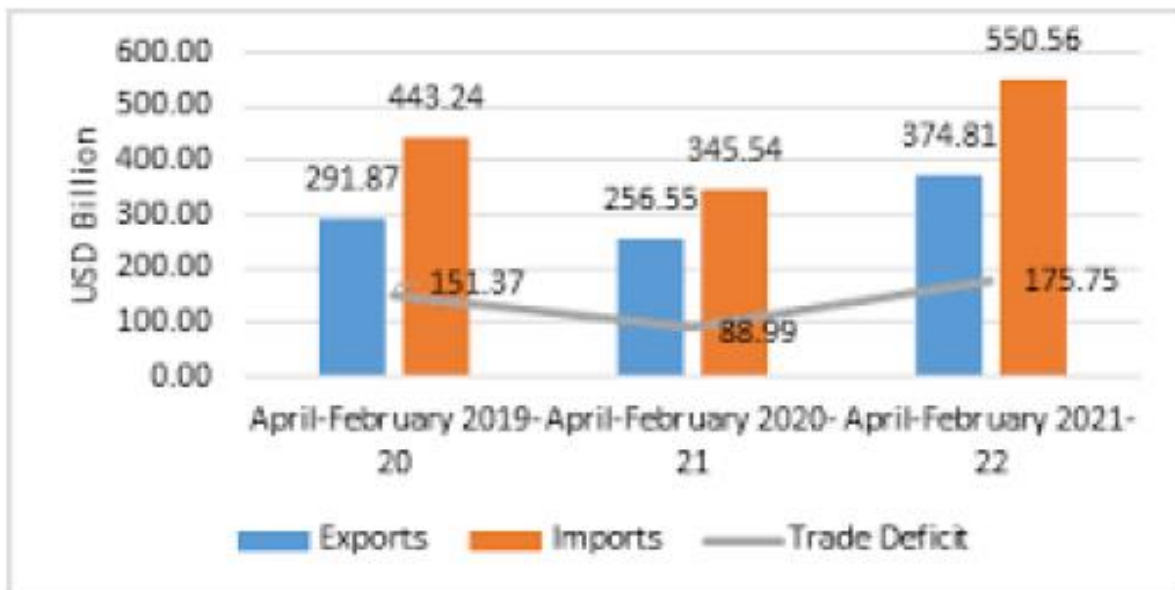
e). Reduction in inflation

Inflation is the rise in prices over time due to excess demand. The government of India has used different measures to reduce inflation. The Reserve Bank of India (RBI) has been following an inflation targeting policy. Their aim is to maintain inflation at 4% +/- 2%, to maintain that the repo rate has been increased. Inflation rates have been under control with the policies that the RBI has been following.

f). Increase in Exports

India’s exports increased by 21% in 2021, a massive jump from 499.10 billion to 679.68 billion. The advent of globalization since 1991 has aided us in becoming a more potent exporter. This worldwide recognition has contributed in large amount of foreign direct investment (FDI) and foreign portfolio investment (FPI) entering the economy.

Figure 3: Increase in Exports of India

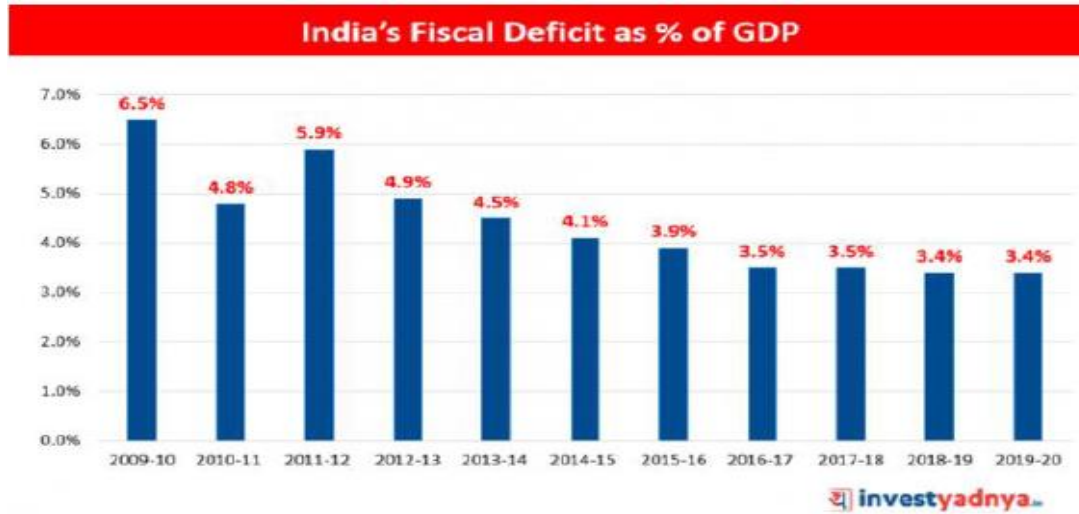


Source: Press Information Bureau

g). Reduction in fiscal deficit (as a % of GDP)

The reduction in fiscal deficit is the process of reducing the amount by which a government’s expenditure is more than its income from taxes etc. Our fiscal deficit has now fallen to 6.4%, and we aim to make it less than 4.5% by 2025-26. Reducing the fiscal deficit will reduce the chances of a debt trap and help increase imports.

Figure 4: Reduction in fiscal deficit



Source: Google Image

3. Background

Cricket, per se, was not considered the national game of India till it comprehensively won the 1983 World Cup. Hockey was considered an Asian-originated sport. Cricket started gaining fame in India after slowly taking over from Hockey and Kabaddi. The Indian government has not designated any sport as India's national sport, but hockey is one of the oldest games and was approved by the Indian Hockey Federation in 1925. As there is no such national sport, any game which becomes popular tends to be designated as a national game.

3.1. Cricket (Origins of Cricket)

Figure 5: Image of Cricket in the 18th Century



Source: International Cricket Council

Cricket was introduced to the Indian subcontinent in the 18th Century, by sailors and traders of the English East India Company. The Parsi's cricket team toured England in 1886 and 1888. A team of English players came to India in 1889-90. These tours were the beginning of competitive cricketing tours in the country. The fact that Parsi's were the first set of cricketers indicate the bias by the Britishers towards foreign looking Indians. By 1912-13, there was an addition of a Hindu and a Muslim cricket team. Tournaments began in Calcutta and Madras, and by 1918 first class cricket was established in India. Maharaja Ranjit Sinhji is often referred to as the father of Indian cricket. It is often quoted, "Cricket is an Indian game accidentally discovered by the British."

In 1928, the Board of Control for Cricket in India (BCCI) was established, and shortly after the International Cricket Council (ICC) admitted India as an official member, granting them official test status. In 1932, India played their first test match against England at Lord's led by CK Nayudu, where it lost to England by 158 runs. It was only in 1952 that India got a taste of test match cricket in the 5th test of the 1951-52 series against England in Chennai. It wasn't till 1983 that India really made their mark in cricket with the World Cup victory against England. This led to the popularity of the game to such an extent that it has captured the hearts and minds of Indians nationwide, resulting in not only being the most popular sport, but also, it has helped define the country's culture. It is one sport that has led to the solidarity and unity of the people and all it needs is a bat, a ball and two willing participants. Its beauty lies in its simplicity and inexpensive equipment. The only requirement is the love for the game which increased exponentially after 1983, and then with the advent of the Indian Premier League (IPL).

Figure 6: India at the 1983 World Cup



Source: Source: Mint

3.2. Football

Football in India was introduced by the British soldiers in the mid-19th century. At one time, it was considered a national sport for the simple reason that it was played to unify the Indian Army. The oldest competition is the Durant Cup. In 1911, Mohun Bagan AC defeated East Yorkshire Regiment in the final of the IFA shield. This was the first time that an Indian team won a major national tournament. This led to the popularity of a game at that time. In 1941, the leading regional tournament Santosh Trophy was started by the Indian Football Association. In the 1948 London Olympics, a predominantly bare footed Indian team lost 2-1 to France, failing to convert two penalties. The Indian team was greeted and appreciated by the crowd for their sporting manner. The then Indian captain, Talimeren Ao said, "Well you see, we play football in India while you play bootball."

Figure 7: Indian team at 1948 London Olympics



The period from 1951-62 is considered the Golden Era in Indian football. Under the tutelage of Syed Abdul Rahim, India became the best team in Asia. At the 1956 Olympics, India finished fourth. Rahim's death in early 60s resulted in football sliding in its popularity. In 1984, India qualified for the 1984 Asian Cup but ended in last place.

The rebirth of Indian football took place from 2000 to 2010. In 2004 Asian Cup, the senior team won the silver medal in the inaugural AFRO Asian Games. In August 2007, the Indian National team won the Nehru Cup for the first time in its history beating Syria 1-0.

Club-wise, Indian football took a turn for the better as the National Football League started in 2006. In 2013, a brand new competition called the Indian Super League was started. The starting of this type of league in football stems from the success that Cricket attained after the start of the Indian Premier League matches. In most sports played in India, the IPL seems to be a model to be followed. The linkage effect of the IPL in all spheres has been an eye-opener and a model that needs to be replicated, not only in India, but all over the world.

Figure 8: Current Indian football team



Source: Deccan Herald

4. Economic Linkages Associated With The Popularity Of A Sport

Sport expenditure needs to be analysed from a demographic as well as a socio-economic perspective. This means that determinants such as age, gender, nationality, income, time, educational level, profession and social status have to be taken into account. The demand for sports has a dynamic character. Age is an important factor with respect to physical activity as well as sport expenditure. If earlier, the level of participation in sports declined due to increasing age, in recent years, there is a tendency for older age group tend to take up sports which require expenditure.

As the popularity of the sport increases, the linkage effect increases manifold. The increase in the number of children entering into the sport results in the setting up of a number of academies. These further provide employment at various levels as also demand for equipment. When the spread of such institutes reaches Tier 2 and Tier 3 cities, the employment automatically starts increasing. The diagram below indicates the immediate linkages involved with the sports industry. Both the primary and the secondary linkage impact leads to a huge increase in the employment, income, savings and investment effect.

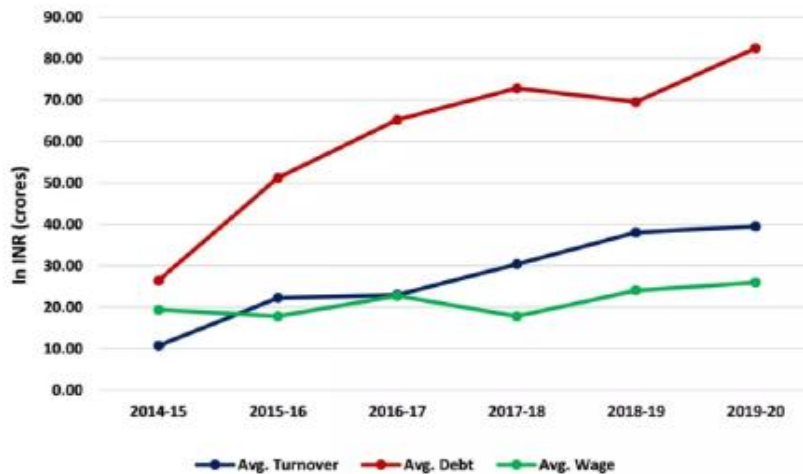
Figure 9: Facets of Sports Industry



Source: Chase Your Sport

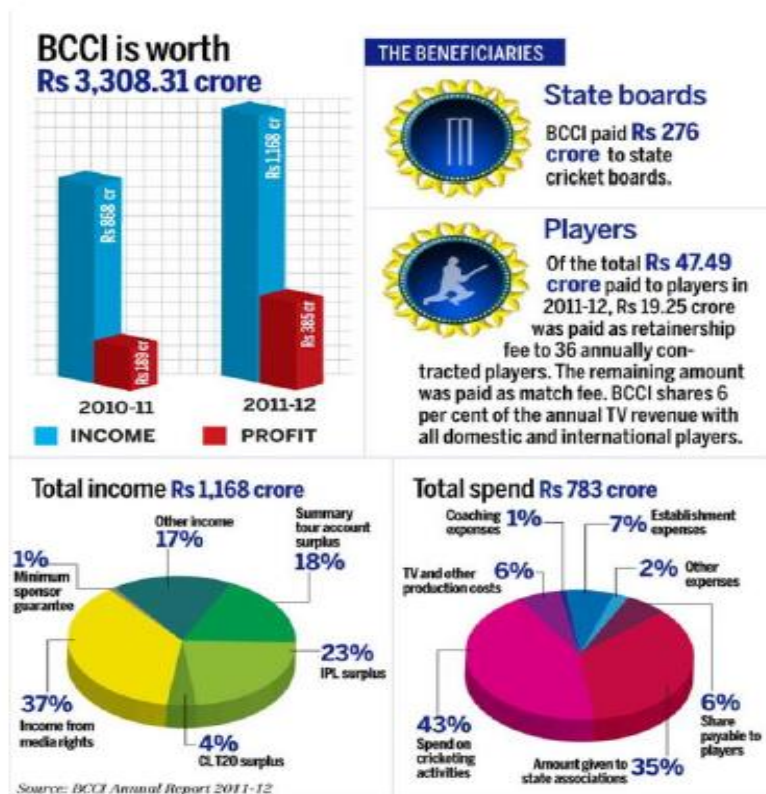
When the main matches take place- whether in the form of test cricket, one day internationals, T20s or IPL- the additional demand for sponsorship, clothing, equipment, advertisement, (both for the team as well as for the stadium) the upkeep of various stadiums around India, the hospitality industry, travel, commentators, training ground facilities, audience requirements with respect to food, drinks, organization of the audience within the stadium, broadcasting channels and security are just the tip of the iceberg in the calculation of the impact that a popular game commands. This positively increases the level of incomes of all the people involved, whether directly or indirectly, resulting further in increase in savings, investment and subsequently Gross Domestic Product (GDP) levels of the economy. In putting various tournaments together, there is an effort to increase the infrastructure which has a positive impact on achieving major economic goals of the economy.

Figure 10: ISL Impact on Indian Economy



Source: Google Images

Figure 11: Income of BCCI



As one can see in the figures above, Figure 10 relates to football while Figure 9 relates to cricket. The revenue earned in the case of cricket is far more than that earned in the case of football. The basic reason being:

- The popularity of the game which automatically increases when major world tournaments are won.
- Minimal political interference.
- Judicious use of the revenue earned in increasing the awareness of the game as well as rewarding genuine talent.
- Periodic auditing of balance sheets.
- Transparent elections for various office bearers.
- Timely medical aid for players who were part of the system before the sport became popular.

Besides the fact that cricket is engaging to watch and play and both ICC and BCCI have continuously worked towards reducing the time that the game is played by introducing a shorter version of cricket in the form of T20 has kept the popularity of the sport intact. Real cricket lovers tend to watch the longest version of the game, which is test cricket, (played over 5 days) while audience who watch it more for their own personal entertainment are hooked on to the T20 format. This ensures a continuous and diverse audience for the game.

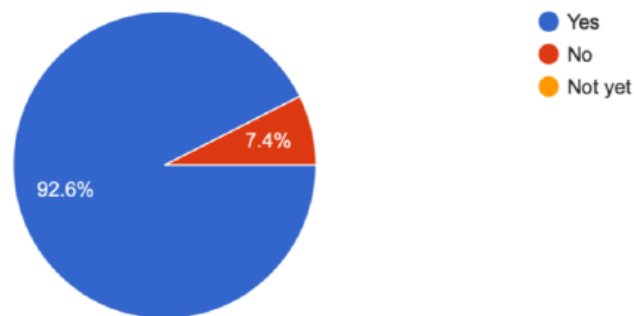
Football, being a shorter version in any case, and it being an extremely popular sport throughout the world, is lagging behind cricket in India. A large number of young children and young adults spend sleepless nights watching the various popular football clubs immersed in the sport, but it is unfortunate that India has not been able to generate the same enthusiasm for its own local football clubs. A possible reason for this could be the political interference in the game. This prevents the real talent to be harnessed such that a national team could attain a fairly good ranking during international events. There are a large number of young school going children who joined various football coaching institutes and even travel abroad to pursue the sport. The government should attempt to engage these private institutions without any political influence, and allow them to harness talent on purely merit basis. The moment some of the Indian players are picked up by international clubs and/or the national team achieves a decent ranking in world international events, there would be an automatic increase in the popularity of the sport.

The above has been seen in the case of badminton where high world rankings of Indian players have automatically led to a spurt of extremely good players leading to us winning the Thomas Cup in 2022, where Lakshya Sen, Kidambi Srikanth and the doubles pair of Chirag Shetty and Satwiksairaj Rankireddy won their respective matches to win the cup. This feat was achieved primarily by the training in the Gopichand Academy which the government supported from outside but did not interfere in its working.

All the above point to the fact that minimum government and political interference but adequate finances will definitely increase viewership and popularity of the sport.

5. Findings

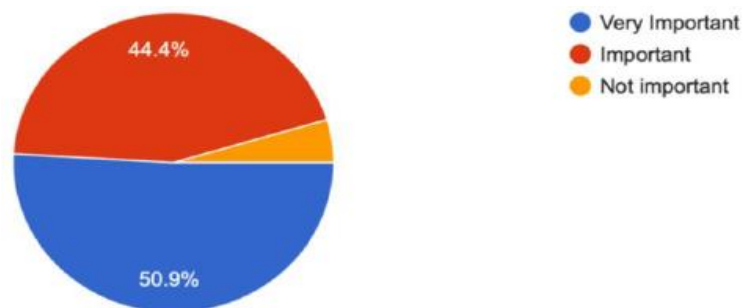
Figure 12: Number of respondents who play a sport



Source: Own Source

Figure 12 indicates that sports is an extremely important aspect of everyone's life. 92.6% indicated that they had played some sport.

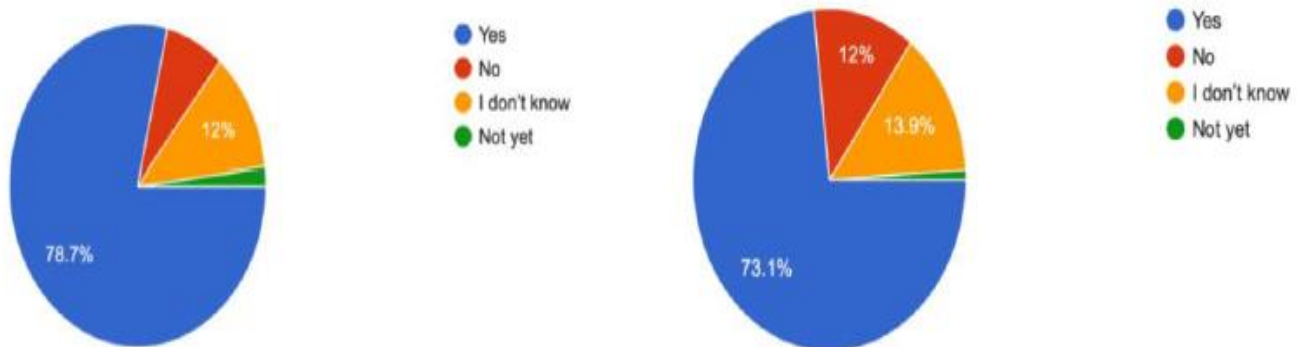
Figure 13: Importance of sport industry in India



Source: Own source

Figure 13 states that 51% of the respondents felt that sports industry is important in India. The reason could be that India being a developing nation, sports may not be a source of generation of regular income.

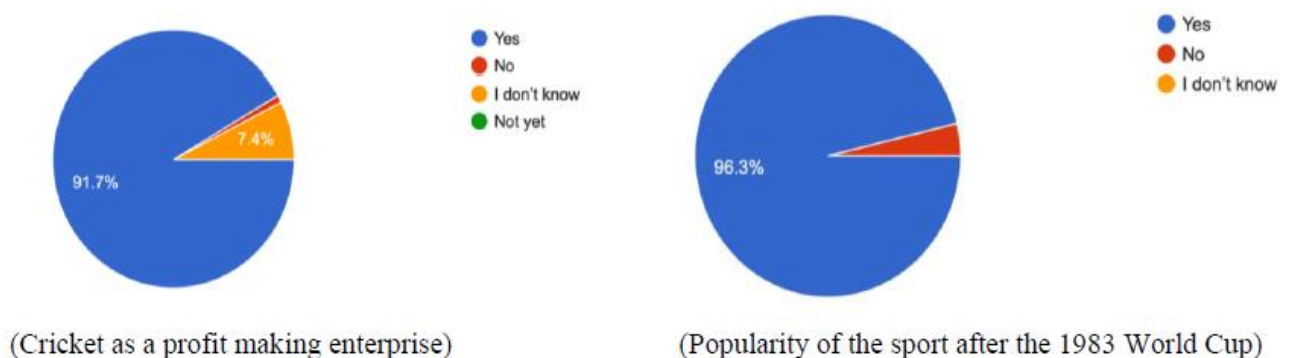
Figure 14: Linkage effect of sports with reduction in poverty and unemployment



Source: Own source

Figure 14 indicates that 79% of the respondents felt that there exists a huge unemployment reduction potential, while 73% felt that there is a reduction in poverty levels with the expansion of the sports industry. This view may be due to the success of the cricket industry and the popularity of the IPL matches.

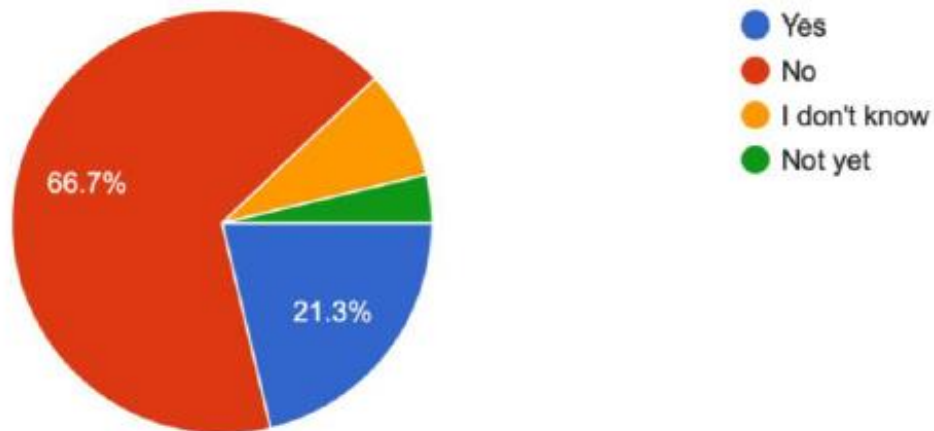
Figure 15: Understanding cricket as a sport industry in India



Source: Own source

Both the figures above clearly indicated that the respondents felt that the popularity of cricket as a game as well as a sports industry. The figures above clearly state that more than 90% of the respondents felt that the cricket industry generates profit.

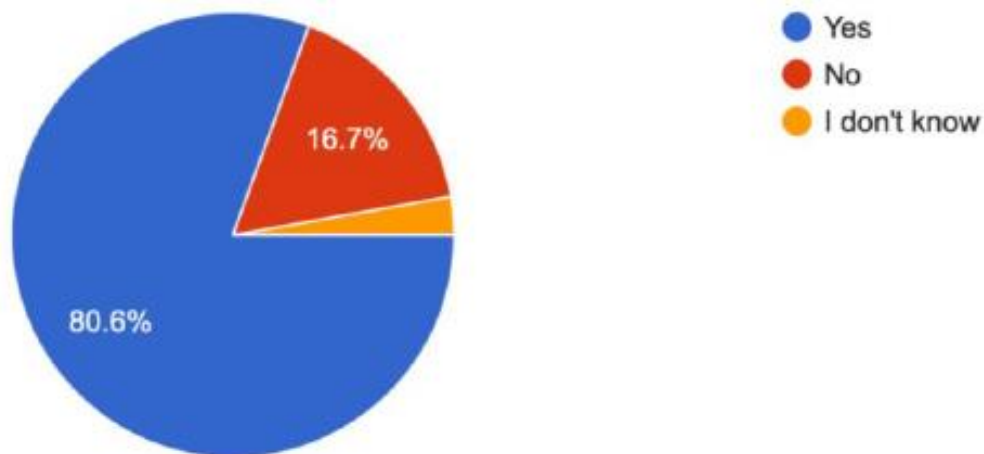
Figure 16: Replication of cricket as a success story with respect to football



Source: Own source

67% of the respondents felt that football was not at the same level as cricket. They did acknowledge that cricket is a success story in all aspects and football as a sport is nowhere close to cricket.

Figure 17: Does winning a world event increase the popularity of the sport?



Source: Own source

Over 80% of the people strongly felt that there is a direct relationship between winning a world event and the popularity of the sport, which has also come through in the research paper based on secondary sources.

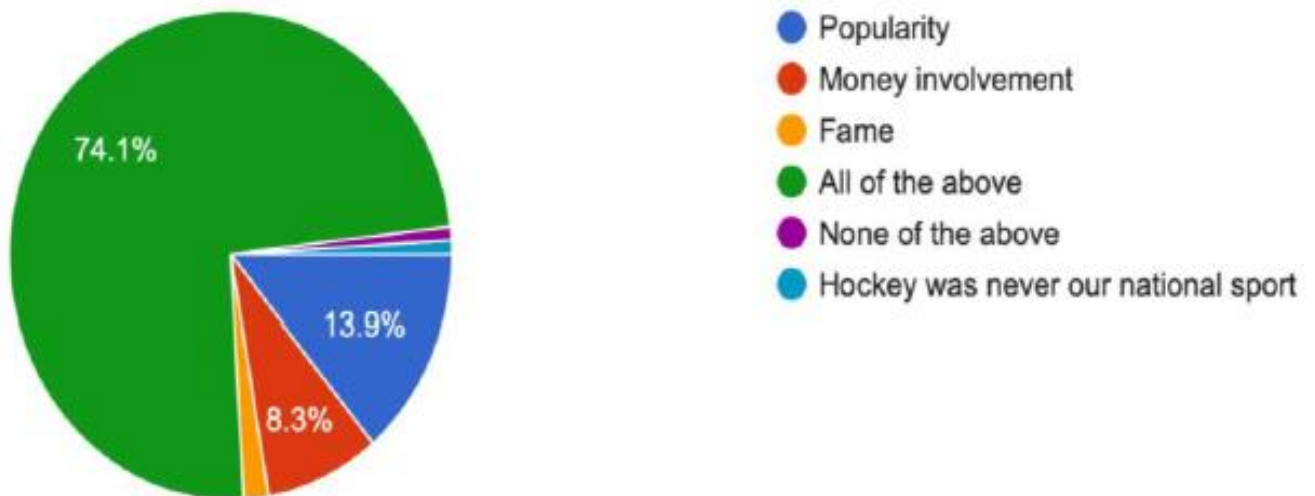
Figure 18: Reasons as to why children join sports



Source: Own source

The response to the reason as to why children choose a sport was extremely encouraging as they felt that love for the game is more important than accolades and money.

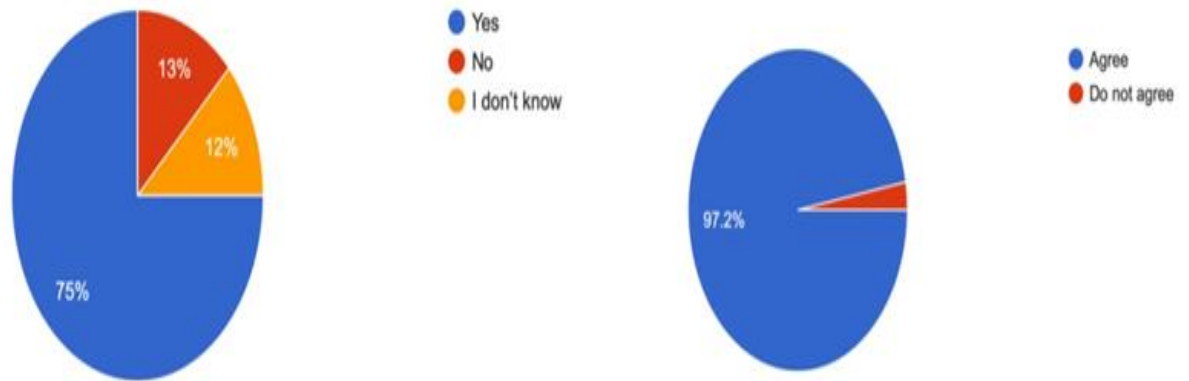
Figure 19: Reasons as to why cricket replaced hockey as the national sport



Source: Own source

Cricket seems to have taken over as a national sport in India primarily due to the popularity, money involvement as well as fame achieved by cricketers.

Figure 20: Role of politics in sports

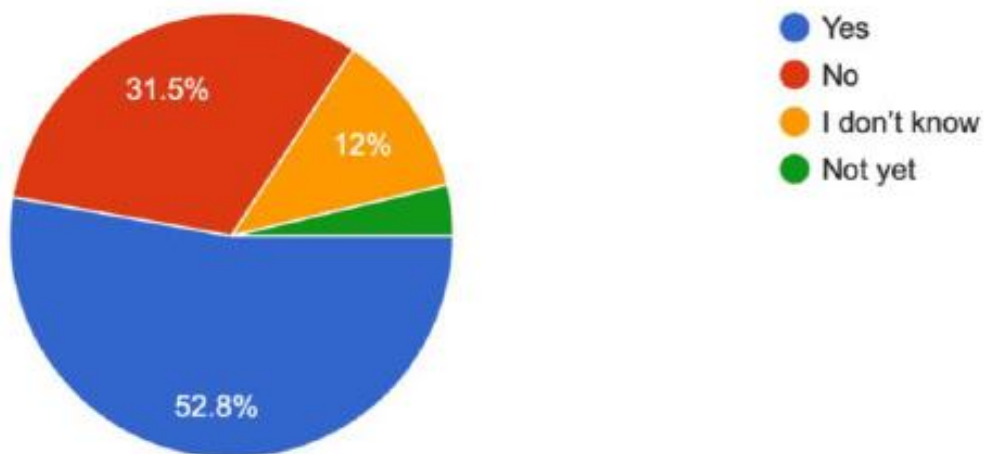


(In your view, do you think politics plays a role in the popularity of an Indian sport?) (A lot of political interference can derail a sport.)

Source: Own source

According to the respondents, politics can definitely derail a sport and there is political interference in every sport in India.

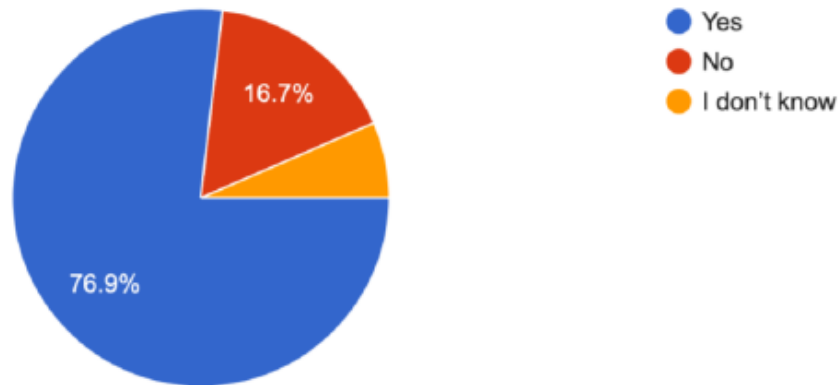
Figure 21: Has sports become a realistic career choice for young adults



Source: Own source

Nearly half the people who responded to the survey have clearly stated that sports has become a feasible career choice for young adults.

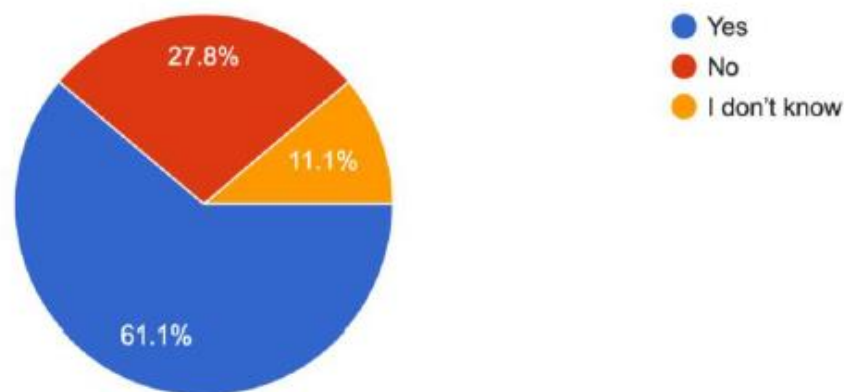
Figure 22: Do you think cost of the equipment required for a game influences the decisions of young adults aspiring to play a sport?



Source: Own source

According to the research survey, the cost of the equipment and expenses on the training do play a major role in choosing the sport.

Figure 23: Will a team sport or an individual sport influence your decision?



Source: Own source

The survey indicated that the fact that the sport in question is a team sport or an individual sport would certainly play a pivotal role in choosing the game.

6. Lessons To Be Learnt From Cricket For The Football Industry

The major takeaway from both primary and secondary analysis definitely indicates that the popularity of cricket increased at an exponential rate the moment the country won the World Cup

in 1983. It further got a boost with the IPL format which has resulted in the present 'craze' for the sport. Both these events increased the number of players, coaches, fans, stadiums, equipment, hospitality, events, travel, additional staff, ticketing, managers to name a few, which further gave an impetus to the sport.

The BCCI as the parent body does have its own share on political interference, but it has managed to rise above it for the advancement of the game and has in its wake encouraged talented youngsters to pursue the sport seriously as an alternative career choice. There have been huge success stories in this game which has increased the popularity of the sport.

Football, on the other hand, has restricted itself to the West Bengal region, Goa as well as the Northeastern states of India. In spite of the fact that the popularity of this game is immense in almost all educational institutions, irrespective of whether public or private, all over India. The extent of active political interference in this particular sport has completely derailed and disappointed the lovers of the sport. This particular sport has not earned any known accolades but the love of this game is immense amongst school children. It is extremely sad and disappointing that this love has not been able to be translated at the national level into winning world events, or even obtain a decent world ranking.

7. Conclusion

The analysis of primary research was in synchronization with what has been observed with respect to secondary data. To increase the popularity of a sport, it is extremely essential to win a major sport event as well as try and keep politics aside so that talent can be encouraged. For a country like India, sports can become an extremely vital industry as it has tremendous linkage impact which is tremendously important for the economy to achieve its macroeconomic goals.

The country has a huge independent workforce and if it has to be utilized as a dividend, a number of industries have to be encouraged- especially those which have a massive labour employment potential and sports is unquestionably one of the more important ones as this can clearly be seen in the case of cricket.

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