



Impact of Professional sports on the Indian Economy

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Abstract

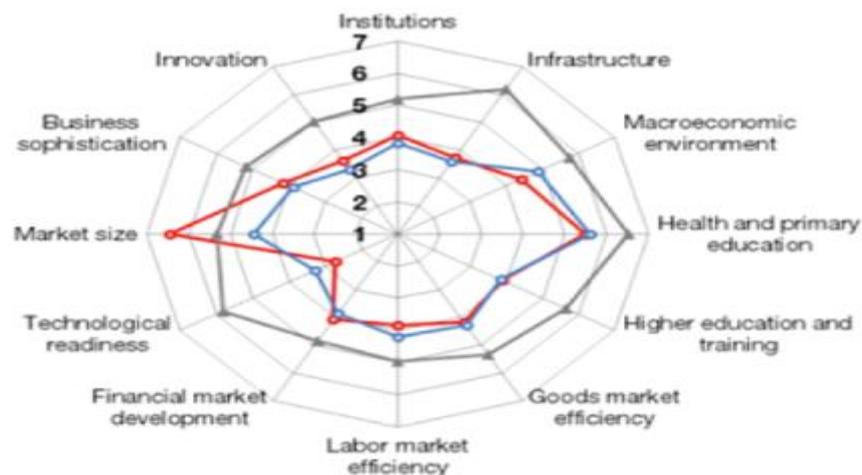
Sports and physical exercise are only associated with the sport in schools, colleges, universities, and recreational activities, which diminishes their value in relation to a variety of other processes and activities. For instance, there are several connections between sport, tourism, health, and entertainment. The national economy has benefited greatly from each of the aforementioned factors. Sports, both spectator and participant, have always been primarily about providing people with entertainment during their free time. Although sports entertainment used to be mostly informal and laid-back, today's sports are frequently planned, automated, promoted, and managed like businesses. Commercial interests have an effect on almost all athletic decisions. Ranking events takes into account factors like television audience share, ticket sales, website hits, concession sales, sponsor money, and media attention. Because they have an impact on each of these variables, wins and losses are important. Every sport organization and governing body is incorporating the corporate model as sports become more and more commercialized. Athletes are pressured to provide their services to the larger business in order to boost profits. Coaches are increasingly behaving as the players' employers when they are required to make judgments that go against their own preferences for the sake of the team or business. As the sports industry develops economically, it draws the attention of corporate interests that could profit from that development by influencing how it is structured. As the industry develops, the athlete's role is shifting to help the business.

KEYWORDS:Economic impact, Sports, Society

INTRODUCTION:

The field of economics known as "sports economics" focuses on the connections between economics and sports. It explores the unique institution of sports and how economists may evaluate it, as well as how sports can aid their research on a range of topics including antitrust law and prejudice. The theoretical foundations of the field heavily rely on microeconomics. Sports economics programs may target a range of employment prospects in the rapidly developing local government, tourism, and sports and leisure industries. Both transferrable and specialist talents are available in these possibilities. Given the attention and scrutiny that such studies receive, it is crucial to pick a firm that not only has a wealth of knowledge but also a track record of regularly producing an accurate estimate of economic effect. With extensive expertise in providing economic advising to the sports business, sports economics is well-versed in the financial effects of venues, competitions, and teams.

The contribution of sports to economic growth and the significance of sport in promoting people's physical activity have both been extensively examined by economists and scientists. However, a thorough investigation of the theoretical elements of sports economics is required in view of the expanding importance that sport plays in economic processes. Several individuals adore sports. Thus, sports economics offers a chance to examine certain fundamental economic ideas that may be utilized to assess and comprehend how economic incentives affect the actions of governing bodies, leagues, clubs, players, fans, sponsors, the media, and the government.



HISTORY OF SPORTS ECONOMICS:

Many civilizations have employed athletics as a form of public entertainment throughout human history. Commercial sports have, however, never previously been as prevalent as they are in today's industrial society. Athletes are motivated by money. Players and owners put money before playing when making decisions. Playing for large sums of money may be done for enjoyment as well. Schedules, the timing of timeouts, and even the comments made by sportscasters are all determined by television money. Millionaires can emerge from super athletes.

Corporate sport is the norm today. Sport's basic goal of providing participants with joy has been lost in the process. Work has merged with sports. The result of PR agents adopting extremely aggressive tactics is sports today. The ultimate objective has shifted from the content to the money. The comment made by Eitzen highlights the idea that commercialization has fundamentally altered sport. We'll concentrate on four subjects.

1. The elements influencing the development and expansion of commercial sport.
2. How commercialization affects the nature and scope of sport.
3. Athletes' earnings and legal standing.
4. Owners and sponsors of commercial sports are aware that a sport's ability to succeed as a form of commercial entertainment depends on the attraction of its audience.

The unpredictable nature of the outcome of the competition, the risk or potential financial rewards of the athletes' participation, and the athletes' displays of brilliance or bravery are typically the three factors that combine to motivate spectators. In other words, when fans talk of a "good game," they usually mean one where the outcome was up in the air until the very last second, where the stakes were so high that the players were totally engrossed in the action, or one where there were a lot of exceptional or gutsy performances.

When an event possesses all three of these qualities, it is likely to be discussed and remembered for a very long time. Since audiences are driven to danger, high stakes, and noteworthy performances, the commercialization of sport will unavoidably bring about certain modifications. The question of whether commercialization of sport corrupts it or just alters it so that more players and viewers can enjoy it has been raised by this phenomenon.

LITERATURE REVIEW

The social and economic ramifications of Wales hosting the 1999 Rugby World Cup were described by Jones (2011). The author's analysis of the pertinent literature found that major sporting events have considerable social implications, since any event can strain local housing and property markets. However, it was also mentioned that these occasions have important social benefits since they may make local communities feel more valuable. Although hosting large athletic events proved profitable for the host nations, the author came to the conclusion that it is still uncertain what the event's economic benefits will be.

Bohlmann and Heerden (2015) focused on examining the effects of pre-event investment on South Africa's economy in preparation for hosting the 2010 FIFA World Cup. The infrastructure required to host a big event will be built and improved during this period. The authors used the Computable General Equilibrium (CGE) model, which was developed expressly for the South African economy. The study report also made use of a UPGEM model that was developed especially for side-by-side static simulations. Because the impact on employment and GDP were the two main outcomes that needed to be taken into account, the author chose to use a modified version of the short run closure to obtain the findings.

Matheson (2016) gave an overview of the economics of athletic events in addition to a review of other studies that tackled the same topic. The author has witnessed firsthand how important international sporting competitions impact local, national, and regional economies. In order to maximize the net benefits of hosting the mega sports events in host regions, the author offered a number of recommendations, including minimizing the prices of new infrastructure in order to pay for event costs, which will improve the benefits of the mega events. Second, local leaders of the host regions should focus less on hosting huge events and more on organizing smaller events that will boost the overall economic advantages of the region. Because crowding out is less likely to happen at small events than at large ones, hosting numerous little events has the potential to produce far higher net benefits than the method that resulted in the massive mega events.

In their 2016 study, Gratton, Shibli, and Colemon examined how major sporting events affect the global economy. The authors examined 10 different sporting competitions that were held in the UK. The authors have previously read articles on the economic impact of significant events. In order to determine the economic impacts of significant events, the authors studied

the 2002 World Snooker Championship as part of a UK-funded research study on sports. For each of the ten cases they examined, the researchers employed the exact identical methodology. As a result, this gave us an extra dataset to compare all the occurrences with. The method used in this article to examine how the events affected the economy was divided into a total of 10 phases. The authors used a questionnaire instrument to conduct interviews with the primary interest group at the key event. The data was evaluated using spreadsheets and statistical techniques in order to calculate the additional economic expenses for the host country.

Humphreys and Prokopowicz (2017) made an effort to assess how significant sporting events, such as the 2012 UEFA (Union of European Football Association) Football Championship in Poland and Ukraine (EURO 2012), affect developing countries. These two countries provide an interesting and noteworthy political, cultural, and economic contrast to the typical locations that host big athletic events, which is why the authors opted to focus on them. Even though Poland is a part of the EU, both of these nations' economies are seen to be in transition. According to the cost-benefit analysis the authors carried out to assess the economic impact of the major athletic event, the majority of the costs associated with hosting the football championship would be defined by the rules of the UEFA for a host site.

Solberg and Preuss focus especially on the long-term implications of hosting such events on the economy in their 2017 examination of how huge athletic events affect tourism. The structural requirements of the host cities had been the authors' initial focus. The writers provided many empirical data as well as long-term consequences to show how various factors may affect long-term outcomes. The empirical results demonstrate that a host city focuses particular attention on three areas, including urban expansion, infrastructure needed for events, and infrastructure that is not essential to the city's long-term development plan. The results also showed that there are three ways that human capital can be acquired through event hosting, including the improvement of knowledge and abilities in the fields by giving volunteers hospitality training and the improvement of abilities required for securing a safer environment.

The "feel good factor" or the impact of hosting significant athletic events on the nation as a whole was examined by Kavetsos and Szymanski (2018). The authors used information on self-reported life satisfaction for a total of twelve European countries to assess the effect of

hosting big athletic events on happiness. The statistics covers the Olympic Games, the FIFA World Cup, and the UEFA European Championship as three noteworthy events. The research study took into account two hypotheses: the first is that the success of the athletes results in an increase in happiness among the nation's population, and the second is that the success of the hosting nations simply resulted in an increase in happiness among their local residents. The authors gathered cross-sectional data from studies that examined happiness in several European countries during a 30-year span.

OBJECTIVES OF THE STUDY

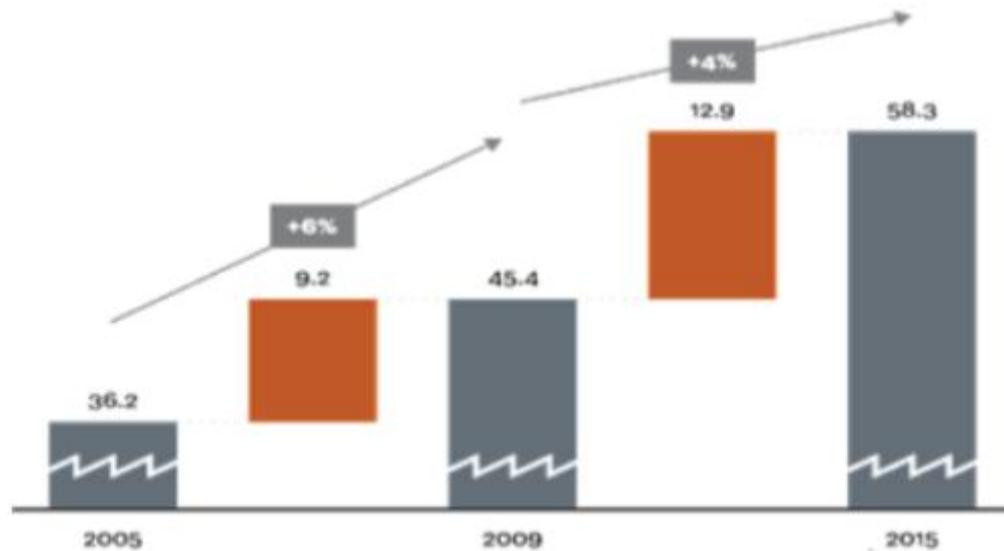
- To identify the impact of sports on Indian economy.
- To assess the direction of economy in relation to sports in India.

RESEARCH METHODOLOGY

The researcher utilized the Ordinary Least Square approach to look at how hosting any major sporting events affected India's GDP.

IMPORTANCE OF ECONOMICS IN SPORTS

Sports are now measured by gate receipts, income from concession sales, license fees, retail sales, and media rights. Market share, ratings points, and the possibility for advertising are considered when evaluating games and events. Athletes are rated based on their likelihood to receive endorsements and their on-camera personas, and even their level of popularity may be influenced by their associations with particular brands and logos. Nowadays, larger businesses rather than historical figures and locations with local significance are used to name stadiums, teams, and sporting events. Corporate interests have an impact on everything, including the choice of team colors, the timing of events, and the media's coverage of them. In actuality, media firms are acquiring more and more sports franchises and events to sponsor. Nowadays, sports are corporate businesses that are closely related to marketing issues and the processes of global capitalist globalization. Transnational firms are now commonly associated with the players, occasions, and sports that make people happy.



SPORTS ECONOMY: SEVEN SECTORS

The basis for the proposed analysis, which is compatible with the National Accounts, is provided by national income accounting. These seven sectors can be used to segment the sports economy.

The personal or home segment of consumers. This displays primarily sports-related spending, such as money spent on athletic gear.

Manufacturers and retailers of sporting goods are included in the commercial sports industry. In this category, we categorize organizations like Nike and professional football teams.

suppliers for the manufacture of goods and services connected to sports are included in the commercial non-sport industry. This industry comprises businesses that don't offer sports products but instead provide production inputs or financial support.

Voluntary sector, which includes non-profit sports groups operated by their players, including amateur clubs. An essential component of the economic study is identifying the revenue and expenditure flows to volunteer clubs.

Local governments get funding from local sports facilities, funds from the federal government linked to sports, and taxes from the private and nonprofit sectors. It pays for labor costs and gives to the nonprofit sector.

Taxes, subsidies, and salaries are included by the central government in sports-related activities.



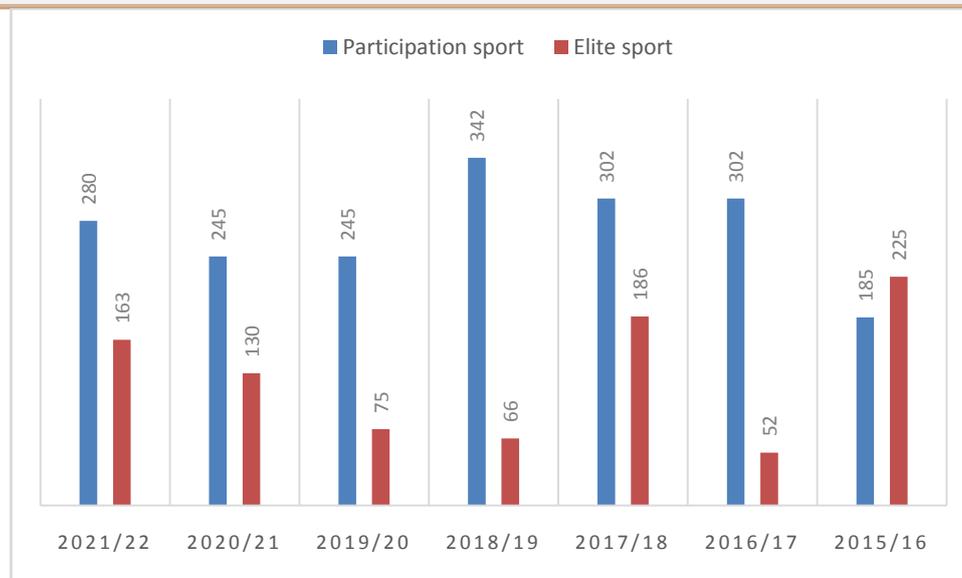
Numerous advantages of hosting a sporting event have been identified for our towns, and among those advantages, improving community image, boosting psychic revenue, and raising community prominence are all frequent and acceptable hypotheses. The term "economic impact" in the context of sports events refers to the overall change in the economy as a result of a sporting event. This change is the result of activities related to the purchase, use, and development of sporting facilities and services, which in turn result in visitor spending, public spending, employment opportunities, and tax revenue. Spending can have direct, indirect, or induced impacts when studying economic impact.

Economic Gains from Sports Promotion

Everyone, regardless of gender, age, color, religion, or socioeconomic position, is targeted by sports, which are separated into play, game, physical exercise, medical treatment, and competition. Sports also teach ethics, discipline, fair play, pride, dignity, and honor. It provides amusement, pleasure, leisure, and relaxation. It is an instrument for democracy, freedom, and equality that includes a country's whole populace. Similar to how religion serves as the opiate of the people, nationalism and unity are fostered by it. It significantly lowers the risk of heart disease, Alzheimer's disease, and Parkinson's disease. reduces instability of the mind. Sport is a broad term, making it difficult to define. However, according to academic definitions, everyone would agree that sport is a kind of engagement as well as a leisure activity, social institution, and cultural product. Sport unites individuals from different cultures and countries in the sake of unity, patriotism, and moral principles.

Year	Participation sport	Elite sport	Total
	in INR crore	in INR crore	In INR crore
2021/22	280	163	443
2020/21	245	130	375
2019/20	245	75	320
2018/19	342	66	408
2017/18	302	186	488
2016/17	302	52	354
2015/16	185	225	410

With the exception of 2015–2016, Table 1 demonstrates that financing for participation sports receives a greater proportion than funding for elite sports, demonstrating that India gives money for participation sports precedence over funding for elite sports.



India's sports goods market is one of the largest in the world and has been in existence for about a century. Because of its success and the professional workforce that supports it, the sector is well-known for helping to boost employment rates and the national economy. Over 500,000 individuals work in the sector. More than 300 sports-related products are being produced in India, including toys, video game consoles, festive and carnival items, gymnastics and sportswear, fishing gear, outdoor activities, toys, and more. Among the leading states in India for manufacturing sporting goods are Uttar Pradesh, Punjab, Maharashtra, Delhi, Tamil Nadu, Jammu, and West Bengal. Of these, the cities of Jalandhar in Punjab and Meerut in Uttar Pradesh produce between 75 and 80 percent of the nation's output.

Because there are so many well-established established multinational competitors, the global sports goods sector is quite competitive. Asia-Pacific is one of the world's main manufacturing locations for sports goods since the bulk of sports products are produced there. India was the 24th-largest exporter of sports products globally in 2019–20, representing 0.56% of all sports goods exported globally, showing great opportunity for future expansion.

Least Squares Test, standard

The researcher currently employing the OLS approach with the E-Views program to monitor the effect of sports tourism on India's economic development. Table 1 below lists the outcomes of our regression model:

Variables	Coefficient	T- statistics	VIF
Constant	-38.17490	-11.9348	----
Log LABOUR	2.887596	14.12511	3.64
Log TOURISM	0.697223	6.445607	3.94
DUM	0.094713	2.268157	1.51
Adjusted R-squared	0.961364		
F-statistic	216.6513		
Durbin-Watson statistics	0.994097		

Table 01: Ordinary least Square Test

Table’s findings showed that labor and foreign tourists had a considerable beneficial impact on India's GDP. The findings are consistent with the World Tourism Organization's (2010) report, which states that, due to an increase in foreign visitors to a nation and an increase in investments in the industry's growth, foreign travel has become a significant driver of economic development because it has helped to create new job opportunities, improve infrastructure, and generate income through the export of local goods. Therefore, it can be claimed that the tourist industry has helped most developing nations by providing cash and new employment. On the other side, foreign exchange revenues from international tourism may also help a nation's economy flourish and support sustainable development in poor countries.

CONCLUSIONS

Economic impact studies have become standard procedure for individuals who support government funding of sporting events. The government and the general people have come to accept their results as a consequence of their popularity and the absence of any notable change. Both spectator and participant sports have traditionally been primarily intended to provide individuals with entertainment during their free time. Sports used to be largely casual and unstructured amusement, but nowadays they are routinely mechanized, organized, promoted, and managed like companies, and practically all sports-related choices are influenced by economic interests. The percentage of television watchers, ticket and concession sales, sponsorship revenue, and media coverage all factor into an event's rating. Because they have an impact on each of these variables, wins and losses are important. As sport turns more and more into a business, the corporate model is engrained in every sports organization and governing body. Athletes are now under the supervision of coaches, and on occasion they are urged to go against their personal inclinations in order to benefit the team or business. Athletes are exhorted to provide their services for the greater good and to add to the bottom line.

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