



Review Article

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Sport Economy of India: An Economic Review

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Abstract: This review paper examines the evolution of India's sports economy, analyzing the economic perspective of the sports industry policies, private investments, and global market trends. Despite significant growth, India faces challenges in competing globally due to underdeveloped infrastructure, inconsistent product quality, and regulatory complexities. With increasing budget allocations and market size, strategic reforms are proposed to enhance manufacturing capabilities, improve quality standards, foster innovation, and strengthen global branding. Addressing these concerns could propel India towards greater competitiveness in the international sports goods market, fostering economic growth and positioning the nation as a prominent player in global sports.

Keywords: Sport, Sport Economy, Sport India, Economic Review

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INTRODUCTION

India has witnessed a significant transformation in sports infrastructure over the past few decades, driven by government initiatives, private sector investments, and the increasing popularity of sports among the Indian populace. Historically, sports infrastructure in India was primarily concentrated in major cities and often limited to cricket. However, a shift occurred with the introduction of multi-sport events like the Commonwealth Games and Asian Games, prompting greater attention to sports facilities (Gupta, 2015).

The Indian government's policy framework played a crucial role in the development of sports infrastructure. The National Sports Policy, introduced in 1984 and updated in 2001, provided a structured approach to promoting sports and encouraging infrastructure development (Ministry of Youth Affairs and Sports, 2001). Subsequent initiatives, such as "*Khelo India*," launched in 2018, aimed to revitalize grassroots sports by building and upgrading sports facilities across the country (Sharma, 2019).

Private sector involvement has also been a significant driver of sports infrastructure development. The proliferation of sports leagues like the Indian Premier League (IPL) and the Indian Super League (ISL) led to investments in stadiums and training facilities (Rajan, 2017). These developments have not only enhanced the quality of sports infrastructure but also contributed to economic growth through employment,

tourism, and local business development (Patel, 2018). Moreover, urbanization and the emphasis on developing "*smart cities*" have influenced sports infrastructure planning. Cities like Pune, Bengaluru, and Hyderabad have seen considerable growth in sports infrastructure, integrating these facilities into broader urban development plans (Singh, 2020).

Overall, the evolving landscape of sports infrastructure in India reflects a concerted effort to promote sports at both the grassroots and professional levels while fostering economic growth and community engagement.

Background: Sports Infrastructure and Economic Growth in India

Sports infrastructure serves as a critical indicator of growth, providing the backbone for athletic development and fostering broader economic and societal benefits. Globally, nations like India, the United States, Australia, and China have realized the significance of robust sports infrastructure, investing heavily in facilities that support both elite and grassroots-level sports. This investment strategy has yielded significant returns, not only in terms of sporting achievements but also in broader socio-economic benefits.

The Sports Authority of India (SAI), the country's premier sports body, plays a leading role in promoting sports infrastructure development. Since its

inception, SAI has actively worked to position India as a formidable force in the world of sports by fostering a comprehensive and inclusive approach to infrastructure development. This has involved not only building state-of-the-art facilities but also creating pathways for young talent to thrive. The Indian government's commitment to sports development is evident in initiatives like "*Khelo India*," which aims to discover and nurture grassroots talent through infrastructure projects across the country.

Sports infrastructure should be treated as an integral component of India's economic growth strategy. It holds the potential to generate employment, drive tourism, and contribute to the nation's overall development. With proper government policies and public-private partnerships, the growth of sports infrastructure can be both sustainable and beneficial, paving the way for India's emergence as a sporting powerhouse in the years to come.

The current state of the sports economy in India

Table 1: The Annual Sport Budget of India

Total Sport Annual Budget of India in Crore		
Financial Year	Sports Budget Allocation in Crore	Annual Growth Rate in %
2018-19	2197	-
2019-20	2776	26.32
2020-21	2826	1.80
2021-22	2526	-10.61
2022-23	3062	21.21
2023-24	3397	10.94

(Ministry of Youth Affairs and Sports and Union Budget Govt. of India)

Table 1 reveals that the sports budget allocation in India has generally increased from INR 2197 crore in 2018-19 to INR 3397 crore in 2023-24. The consistent increase in budget allocation in the last two years (2022-23 and 2023-24) indicates a positive outlook for the sports industry. It suggests that the government is prioritizing sports, potentially due to the increasing importance of sports in national development and international success.

The budget allocation decreased to INR 2526 crore, a negative growth rate of -10.61%. This reduction might be due to the financial impact of the COVID-19 pandemic, leading to budget cuts across various sectors. However, the recovery in the subsequent years highlights the resilience of the sports sector. The growth rates indicate a strong commitment by the Indian government to support and develop the sports industry. The positive trend in budget allocation is expected to continue, fostering the growth and development of sports in India.

Table 2: Market Size of the Sport Industry Across India

Market Size of the Sports Industry Across India (in billion Indian Rupees)		
Years	Market Size	Annual Growth Rate (%)
2017	73	-
2018	77.62	6.32
2019	91.08	17.34
2020	16.73	81.64
2021	95.3	469.6
2022	142.09	49.12
2023	157.66	10.95

Ministry of Commerce and Trade (2023-24)

Table 2 reveals the sports industry in India exhibited a general upward trend in market size from 2017 to 2023. Starting at INR 73 billion in 2017, the market size increased to INR 157.66 billion by 2023, indicating significant growth over the period. The data clearly illustrates the profound impact of the COVID-19 pandemic in 2020, where the market size declined to its lowest at INR 16.73 billion.

The subsequent years (2021-2023) indicate a strong recovery and growth, suggesting resilience and a return to, and even surpassing, pre-pandemic levels. Despite a significant downturn in 2020 due to the COVID-19 pandemic, the industry has demonstrated a robust recovery and continuous growth in the subsequent years. The positive trend in recent years suggests a thriving sports sector with a promising outlook for future growth. Factors contributing to this growth could include increased investment in sports infrastructure, the popularity of sports leagues, and the gradual normalization post-pandemic.

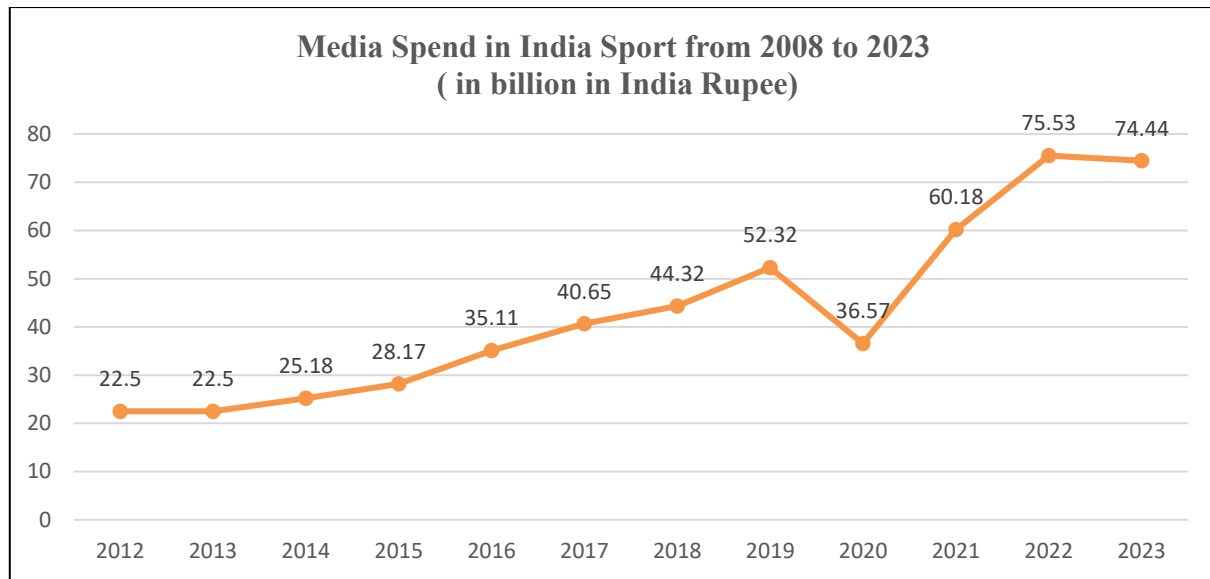


Figure 1: Media Spending of Indian Sport From 2008 to 2023
Ministry of Commerce and Trade (2022-23)

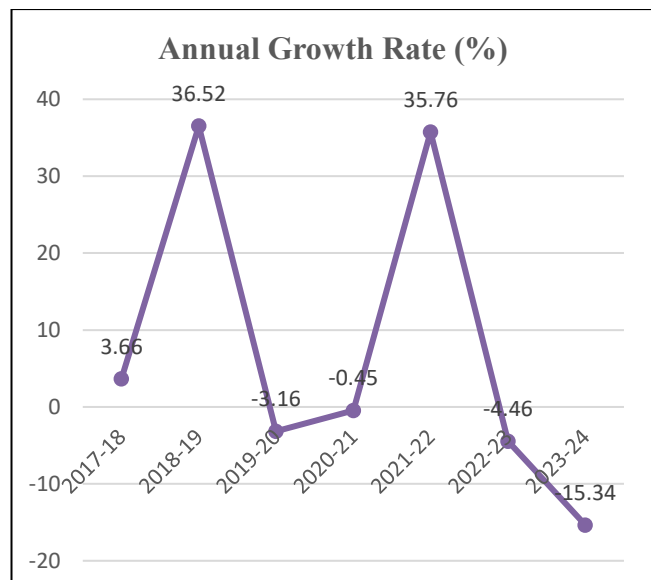
Figure 1 shows the total media spending trends in India from 2012 to 2023. Media spending in sports is a crucial indicator of the industry's growth, reflecting the investment in broadcasting, advertising, and promotion. The media spending on sports in India has shown a general upward trend from 2012 to 2023, with periods of significant growth and a temporary setback in 2020 due to the pandemic. The post-pandemic recovery highlights the resilience and growing importance of sports media in India. In 2014, media spending increased to 25.18 billion INR, followed by 28.17 billion INR in 2015. This period marked the beginning of a growth phase, potentially

driven by increased viewership and the rising popularity of sports leagues such as the Indian Premier League (IPL). There was a notable rise in media spending from 35.11 billion INR in 2016 to 52.32 billion INR in 2019. This period reflects significant investment and interest in sports media, possibly due to enhanced broadcasting deals, sponsorships, and the proliferation of digital platforms. The media spending dropped to 36.57 billion INR in 2020, a substantial decline likely attributable to the COVID-19 pandemic, which led to the postponement or cancellation of many sporting events and a reduction in advertising spend.



Figure 2: India's Sporting Goods Export Trend (US \$ Million)
Ministry of Commerce and Trade (2023-24)

Figure 2 shows the sport expenditure of India from 2016-17 to 2023-24. The export earnings for sporting goods in India have shown significant



fluctuations over the observed period. The export earnings increased from USD 295 million in 2016-17 to a peak of USD 546.1 million in 2021-22 before declining

to USD 441.7 million in 2023-24. However, recent years have seen a downturn, indicating potential challenges in the global market. Understanding these trends is crucial for strategizing future growth and maintaining a competitive edge in the international sporting goods market. The fluctuations in export earnings are influenced by several factors, including global economic conditions, trade policies, and the COVID-19 pandemic's impact on international trade and logistics. India has made substantial strides in the sporting goods sector, yet

several factors indicate that it lags behind leading exporters like China, the United States, and Germany. These countries dominate the market due to their advanced manufacturing capabilities, technological innovations, robust supply chains, and strong branding. Improve infrastructure, including transportation networks and logistics facilities, to streamline the supply chain and reduce lead times. India needs to provide incentives and subsidies to exporters, reducing the cost burden and encouraging higher export volumes.

Table 3: India's Share in the Global Sports Goods Export Market

Country	Export Earnings (US\$ Billion)	Global Market Share (in %)
China	17.5	27.3
United States (US)	6.4	10
Germany	5.3	8.1
Japan	3.1	4.8
India	0.521	0.8

(World Trade Organization (WTO, 2022-23), World Bank Report 2022-23)

Table 3 presents data on export earnings and global market share of sporting goods for major exporting countries, highlighting India's position relative to other leading exporters. The data reveals China, with export earnings of \$17.5 billion and a global market share of 27.3%, stands as the dominant player in the global sports goods market. This position is attributed to China's robust manufacturing infrastructure, economies of scale, and significant investments in innovation and technology.

The United States follows, with export earnings of \$6.4 billion and a global market share of 10%. The U.S. excels due to its high-quality products, strong brand reputation, and substantial investments in research and development (R&D) and marketing.

Germany holds a notable position with export earnings of \$5.3 billion and an 8.1% market share, driven by its precision engineering, focus on innovation, and efficient production systems. Japan, with export earnings of \$3.1 billion and a 4.8% market share, leverages its technological advancements, quality control, and efficient manufacturing processes.

India, however, lags significantly behind these leading exporters, with export earnings of \$0.521 billion and a global market share of just 0.8%. This disparity highlights several concerns for India's sports economy.

Rising Concerns for India's Sport Economy

India's Economy currently facing many problems regarding the sports economy from a Global perspective. There is an urgent need to resolve them to enhance the sports economy.

Manufacturing Infrastructure:

- **Concern:** India's manufacturing infrastructure is underdeveloped compared to leading exporters.

- **Impact:** Limited capacity to produce high volumes of goods, affecting the ability to meet global demand efficiently.

Product Quality:

- **Concern:** Indian sporting goods often fail to meet international quality standards.
- **Impact:** Difficulty in competing with high-quality products from countries like the U.S., Germany, and Japan.

Innovation and Technology:

- **Concern:** Low investment in research and development.
- **Impact:** Slow pace of innovation, limiting the ability to produce advanced and technologically superior products.

Brand Recognition:

- **Concern:** Weak global branding and marketing strategies.
- **Impact:** Lower consumer trust and recognition in international markets.

Policy and Regulatory Environment:

- **Concern:** Complicated export procedures and lack of supportive policies.
- **Impact:** Increased barriers to market entry and higher costs for exporters.

CONCLUSION

The study reveals that India's sports economy has undergone significant transformation over the past few decades, driven by government initiatives and private sector investments. Despite substantial improvements, India's position in the global sports goods market remains modest, with a market share of only 0.8%. The data highlights India's challenges, including underdeveloped manufacturing infrastructure,

inconsistent product quality, insufficient investment in innovation, weak global branding, and a complex regulatory environment. These issues limit India's competitiveness against leading exporters like China, the United States, Germany, and Japan.

To enhance its global standing, India must invest in modernizing its manufacturing facilities, adopt stringent quality control measures, increase funding for research and development, and develop strong global branding strategies. Simplifying export procedures and introducing supportive policies could also reduce barriers and costs for exporters. By addressing these concerns through strategic investments and reforms, India can significantly improve its sports economy, fostering economic growth and positioning itself as a formidable player in the international sports goods market. The positive trends in budget allocations and market size, coupled with effective policy implementation, provide a promising outlook for India's sports industry in the coming years.

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