

FICCI representation to Government on giving industry status to sports sector

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FICCI

Federation of Indian Chambers of Commerce and Industry



CONTENTS

	Page no.
1. Growing Sports Sector in India	3
2. FICCI Recommendations	3
3. Proposed definition	4
4. International precedents: Global Sports Industry and outreach	4
5. Benefits of giving sports an industry status	6
6. Suggested roadmap	7
7. Annexure	9
i. Annexure 1- The Rising Sports Industry in India	10
ii. Annexure 2- Why Sports should be given Industry classification	13
iii. Annexure 3 -Global Sports Industry Overview	16
iv. Annexure 4-Explanation to FICCI model on Sports Society and Economy	18
v. Annexure 5-Domestic Sports Inclusion Projections	20
vi. Annexure 6-Removing roadblocks	21

1. Growing Sports Sector in India *(also refer to Annexure 1)*

The business of Sports worldwide is a rapidly growing industry. Today, the global Sports industry is a prominent player vis-à-vis the global revenue streams. And, as one of the most nascent industries, its potential for growth across sectors remains unparalleled. Sport is an inter-domain growth and synergy based industry.

It exponentially benefits the state, the private sector, and the citizens. As a dynamic industry, it attracts huge levels of investment and human capital. Sports related professions today are increasingly becoming a career of choice for youth. With emerging sports properties, celebrity management companies and leagues mushrooming across sports in India, sports today is a growth sector from every standpoint. According to a FICCI-Tanjug Associates *study on Sports as a Full Time Career* it is estimated there will be 1.33 million new sports persons by 2017 in India. This implies India will require a staggering 0.3 million sports personnel (support staff).

Traditionally, sports have been predominantly the domain of the public sector, except for some independent efforts of the corporate or private sector. However, going forward, building a culture of sports & developing sporting talent in India will require increased participation, and innovations that have to be augmented by the private sector.

The elite corporations have been and continue to invest in different sports across the emerging sport landscape. There are numerous entrepreneurial opportunities, either startups or established. Despite it being a Greenfield area from the perspective of historical data and statistics, the rapidity with which the sports domain becomes sophisticated makes this the right time to accept its future viability and sustainability by granting it industry status. This is a two-step approach, with both steps being addressed simultaneously.

The private sector is offering its broad-based expertise and is keen to involve itself through investments in sports infrastructure, endorsements and sponsorships, organizing international sports events, broadcasting the aforementioned events, licensing & manufacturing merchandise, and other vital areas *(also refer to Annexure 1)*

All of the above present a strong case for the Sports sector in India to become organized and carefully regulated so as to create an environment for attaining excellence. Also, in the absence of a sophisticated and evolved dispute resolution system for contractual protection/enforceability, the business of Sports faces legal and commercial barriers. Flexible and comprehensive legal enforcement can spur sustainable growth while protecting the sizeable capital investment made and the returns to investments made.

2. FICCI Recommendations *(also refer Annexure 2)*

FICCI recommends a two-step plan whereby the role of private sector becomes well-defined in the sports domain, and the sports sector receives an industry status that would help it avail of benefits that would promote its growth in a mutually beneficial manner beyond CSR-

1. The first step is to work on a definition of sports industry and once it has been agreed to, it should be incorporated with in all legal and commercial frameworks that entails sports
2. The second step will be then classification of sports and providing it with industry status.

Taking into account the global norms, and factoring in the unique nature of sports in India, a hybrid yet comprehensive definition for sports industry is proposed by the FICCI. This will help clarify industry's role in sports, and expand industry's role in every aspect of sports in India.

3. Proposed Definition *(also Refer annexure 2.1)*

At present, there is no direct mention of the private sector as a stakeholder in any sports-specific regulation or law, including the Draft National Sports (Development) Bill 2011 ("**Sports Bill**") or the National Sports Development Code of India, 2011 ("**Sports Code**").

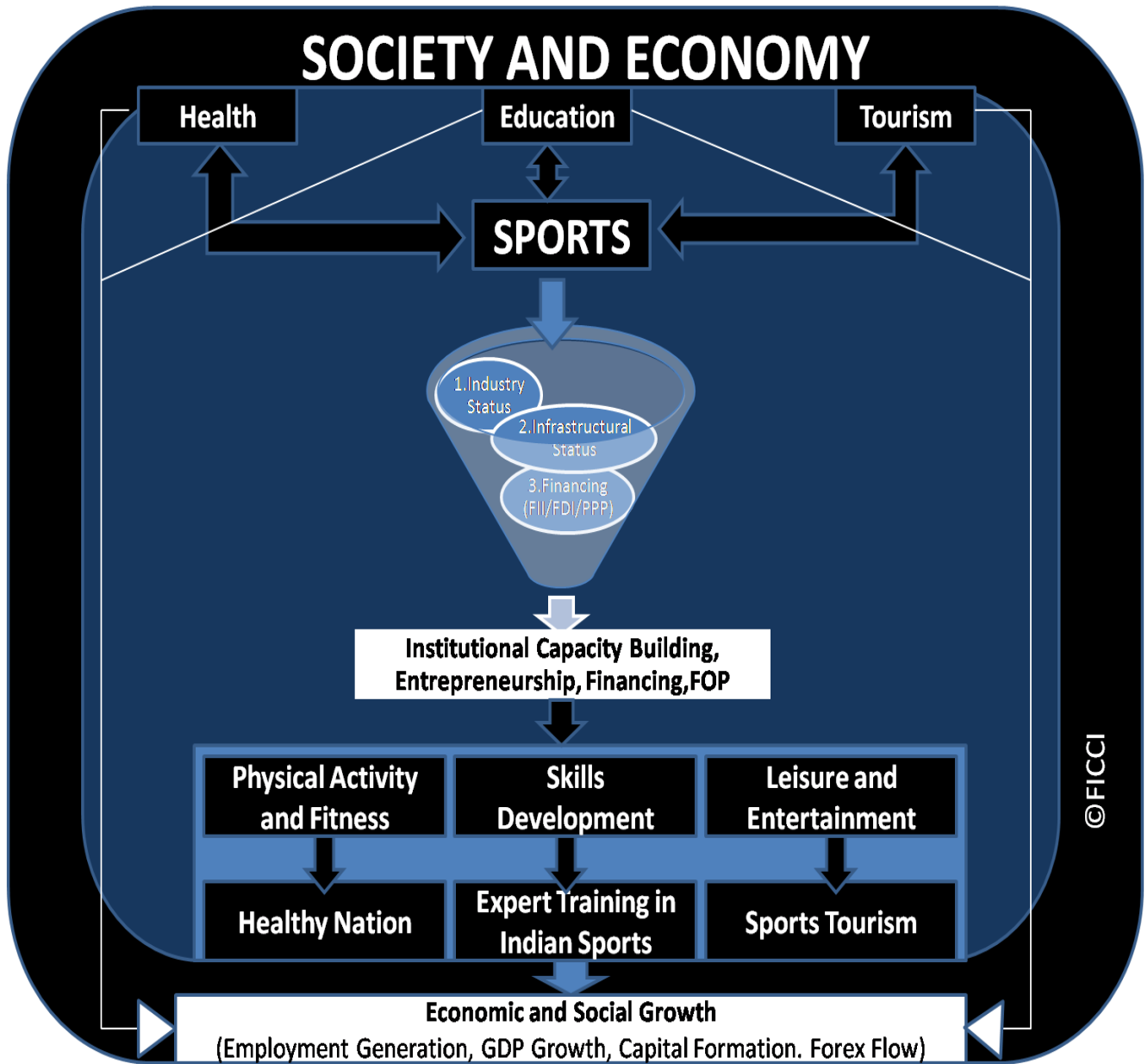
The definition proposed is:

Sports Industry means any sponsor, corporate entity, legal person, broadcaster, or any other individual or entity involved in promoting, developing, and/or investing, either directly or indirectly, in sports-related activities in India.

This definition will not include GoI, MYAS, SAI, NSFs, an international or domestic sports federation or governing body, or any active sportsperson. This definition can and should be used in all legal or government led initiatives and documentation.

4. International precedents: The global sports industry and its outreach

1. The sports industry today is a wide-reaching business that spans the field of play—from the food and memorabilia stands at the stadium, to media rights and sponsorships. Today's global sports industry is worth between €350 billion and €450 billion (\$480-\$620 billion), according to a recent A.T. Kearney study of sports teams, leagues and federations.
2. USA, UK and China stand out in their sports performance as they have created a strong infrastructural base for sports and the institutional capacity needs long ago. Now, Sports works as a revenue generating engine to them. In other words, India requires long term development plan because at present we are spending too low to develop sports as a sustained growth mechanism for the economy and less than 1% of budget is being allocated to sports in India. *(Refer to Annexure 3)*



(A detailed explanation for this diagram is provided in Annexure 4)

5. Benefits of Giving Sports an Industry status *(also refer to annexure 5)*

Government-accrued benefits

- The massive sports industry-led and centric potential for employment, (macroeconomic variables) GDP growth and export in sports-related services and products. This will expand and evolve as the industry evolves and grows.
- Revenues will directly and indirectly accrue to the state and central governments through tax revenue and incentives.
- The reverse flow of foreign exchange and investment presently witnessed by the sports domain will be stemmed and turned around to benefit India and the sports industry stakeholders. This will especially be true once the sports industry is incentivized to innovate and invest in technology, and Foreign Direct Investment norms are allowed in a regulated but steady format.
- Although we are not able to calculate the contribution of sports in the GDP of country because of absence of any data and largely unorganized nature of the sector but its cross-sector linkages are significant, and there will be positive multiplier effects on the development of various sectors.
- Increase in the contribution of a particular sport to the gross domestic product of a country. For example, Cricket in India is by far the most lucrative sport, with revenue estimates across the various formats and forums extending to approximately INR 15000 crores annually, as per approximations and not official estimates. As Sports grow in India across a broad-based forum, each sport will be likely to contribute to the GDP in differing yet significant ways.

General

- Investment of private sector will be improved which is not happening to its potential at present.
- By improving the quality of technology and technical skill development within the sports sector, there should be a corresponding effect leading to creation/maintaining of infrastructure and better performances by Indian athletes and teams in international competitions.
- A self-sufficient and organized sports industry with business and revenue flows will help encourage innovation, professionalization of sports boost investment and improve market access for the sporting businesses.
- Once the sports industry matures, there will automatically be significant collateral benefits to the rest of the economy through inter-industry reliance and synergies. The synergies and revenue flows should also boost sectors that traditionally have a positive correlation with sports, namely sports medicine, sports education, sports tourism, and others.
- Sports retailing is likely to boost the manufacturing industry.

Fiscal

- Easier borrowings overseas, ability to raise domestic funds through institutional lending, tax-free bonds, tax concessions, etc.

- Enable the government to monitor charges levied for the use of the facilities and their maintenance to ensure that these are affordable by a majority of the population.
- Manufacturing base in India shall experience huge bounds. Will facilitate the provision of fiscal incentives, insurance norms and availability of credit.
- The subsidized investment opportunities will help boost the sector may be by development of sports promotion zones.

Formulate FDI Policy

- Foreign Direct Investment (FDI) besides complementing and supplementing domestic investment brings state-of-art technology and best managerial practices, thereby providing better access to foreign technology to the domestic industry.
- Opening of sector for FDI and it will actually help to bridge investment gaps in sports sector.
- India giving a non-discriminatory treatment to Foreign Service providers in its bilateral agreement will provide an easier access to international markets for funding ventures in India.
- Present FDI restriction is not an entry ban, but it puts India in a defensive position in the WTO/FTAs while the foreign players are already present in India through other routes like government approved route or industrial licensing.

6. Suggested Roadmap *(also refer to annexure 6)*

The FICCI and the MYAS can commence fruitful discussions on the following topics:

- Streamlining and activating PPP models in sports infrastructure, events, and centers of excellence, educational institutions' sports capabilities, and other verticals.
- Incentivizing the recreational component of Sports development for Industry
 - Infrastructure/facilities.
 - Tax exemptions/credits.
 - Sports promotion zones and initiatives for manufacturing of sports goods domestically.
 - Role of the Public Sector companies in the promotion and development of recreational sports.
- Working towards a gradual move to collaboration between Industry and state/national sports federations

Dispute Resolution Mechanism

- Dispute resolution cell will be able to support the transition for the sports industry while at the same time mitigate the risk component for private sector stakeholders looking to invest or incur expenditures within the sports industry.
- For Sports to become an established industry with sophisticated processes, it needs a dynamic and effective dispute resolution mechanism.
- An Industry Status and opening up of the sector would mean regulated privatization for promotion, training and marketing of sports.
- Therefore, a hybrid model along the lines of TRAI, CERC, CCI, should be considered. With enforceable arbitration and an amalgamation of expertise Dispute resolution in sports requires domain experience, industry knowledge and specialization, and a legal framework that is flexible but comprehensive.

beyond the ambit of mere sponsorship and funding.

- Creating a harmonious working environment and opportunities for recreational sports parallel to, and post the competitive/professional sports careers of most athletes.
- To promote self-sufficiency for federations through meaningful associations and partnerships with Industry. To build on the existing skills-development framework already proposed by FICCI.
- There is also a case to be made for broadening the scope of the private sector by inserting an additional responsibility- "*Private Sports Promotion Organizations*". Additionally, should consider the establishment of an Industry-led advisory committee/panel.

ANNEXURE

Annexure 1

THE RISING SPORTS INDUSTRY IN INDIA

The Sports sector is growing rapidly with new sports properties, celebrity management companies and leagues coming up. Sports related professions are increasingly becoming a career of choice for youth.

Top companies are already investing in different sports. There are many entrepreneurial opportunities. Corporatization of sports is giving the much needed boost which sports require:

- Government has initiated new schemes for promoting public private partnership in development and management of sports infrastructure across the country.
- Huge prize monies and events like Formula One, IPL, Football's I-league, World Kabaddi League, Marathons, Cyclothon and World Series Hockey have brought a paradigm shift in outlook towards sports.
- There is a sudden influx of sports management and consulting companies.
- Parents have started realizing and supporting their children's aptitude and aspirations to pursue career as athletes and in sports management.
- Real Estate industry has also started associating itself with various sporting events to attract home buyers. The present generation loves to have sports activities around habitat and private developers are trying to fulfill this demand by putting up these facilities right next to their homes.
- Understanding the market dynamics many educational groups have started short term and long term courses in athlete development and sports management.
- There is professionalization of most of the national sports federations; many federations have started their leagues to popularize sports in general, generating revenue, creating competitive environment and for attracting talent.
- Many event management companies like Leisure Sports, Percept, Perfect Relations, Procam, Kwan Entertainment, Wizcraft have dedicated verticals for managing sports

India Inc is Game for Sports!

- **Punj Lloyd** has invested 5200 thousand US\$ on Squash promotion
- **All India Football Federation** and **IMG-Reliance** have sealed commercial rights deal in football for Rs. 7 billion for next 15 years
- **Jaypee Group** has become a force to reckon with in developing state-of-the-art sporting systems in their Sports City
- **Cisco** and **Mahindra** are exploring opportunities to collaborate on comprehensive differentiated offerings in the Sports and Entertainment
- **King fisher** and **Sahara Group** have joined hands for India's only Formula One Team **Force India**
- **Airtel** , **Vodafone**, **LG**, **Panasonic**, **Tata Steel**, **Coca Cola** , **Hero Motor Corp** etc have strong brand identities associated with sports
- Most of the television channels have shows built around sports like **Roadies** and **Khatron Ke Khiladi** and are having rising TRPs year after

properties (events, leagues, tournament), player representations and brand endorsements.

- Sports enthusiasts have started websites like
 - www.indiansports.in ; www.magicoffootball.com ; www.indianfootball.net etc.

Sports Manufacturing & Retailing

Sports goods manufacturing which is just 5 % of sports retail that comprises sports equipment (excluding apparel and shoes), is contributing INR 988 crore to exports and INR 3500 crore to domestic consumption. According to one industry estimate, if health and fitness equipment is included in the above, the market size would then total more than INR 10,000 crore annually. In addition to this, sports goods manufacturing entities employ more than 3 lakh people across the sector. *(Source: Sports Goods Exports Promotion Council)*

Former Sports Persons into Business of Sports

- *Manisha Malhotra* former International Tennis Player is the Administrator of Arcelor Mittal run **Mittals Champion Trust**.
- *Prakash Padukone*, Former Badminton Player, *Viren Rasquinha*, Former Captain, Indian Hockey Team and *Geet Sethi*, Former English Billiard Player have joined hands in their venture **Olympic Gold Quest** to support India's Olympic prospects.
- *Hakimuddin Habibulla*, Former Olympian, Swimming is running his own sports consultancy **Winning Matters Consulting Private Limited** after successfully establishing **Go Sports Foundation** which supports talented Athletes.
- Famous players like *Baichung Bhutia*(Football), *Ashwini Nachappa* (Athletics) and *Mahesh Bhupathi* (Tennis) are running their **sports academies** across the country.
- *Shimon Shariff*, international Shooter is running a website www.indianshooting.com; which is a one stop shop for shooting enthusiasts.

Top Sports Events: Private sector initiatives

- FICCI TURF: Global Sports Summit
- FICCI sports awards
- NDTV Nirmal Lifestyle Sports Awards

International Presence in India: a glance

Indian sports sector is raring to go and there is a lot of change already going on at grassroots levels. However, there is a lot of scope for improvisation for taking it to excellence and it requires global experts. Many Indian organizations are partnering with international experts for insights and technological advancements across sports and allied activities:

EVENT MANAGEMENT

- IMG Reliance is the agency of record to support Castrol India's sponsorship.
- India is among top three markets for Total Sports Asia.
- Nirmal Lifestyle has associated with leading sports marketing agency, Total Sports Asia to bring leading sporting brands from all over the world to its Lifestyle cities.

EDUCATION

- International Institute of Sports Management, Mumbai is a joint venture between Eduhub Education Pvt Ltd and Greycells Education Limited, which currently runs the EMDI Institute of Media & Communication brand across India and the **UAE**.
- **New Zealand** Prime Minister has announced a new sports scholarship and academic exchange programme between India and New Zealand.
- Looking to progressively push its programme on drawing more Indian students to sports management courses in Australian universities, the **Australian Trade Commission** and the country's **Deakin University** have started holding workshops on sports management careers in India.
- Abhijit Kadam Football Development Center is a result of the coming together of leading educational institute Bharati Vidyapeeth, **Cheshire-based international football company** Kick Worldwide and English football club **Liverpool FC**.
- The **International Association of Athletics Federations** has inked a 10-year licensing deal with Indian real estate major Nirmal lifestyle, which will allow it set-up IAAF training centres and an academy in India.

INFRASTRUCTURE

- A consortium comprising **Capita Symonds, Populous** and **DIMTS** (Delhi Integrated Multi Modal Transit System Ltd) has been appointed by the **Maharashtra Road Transport Development Corporation (MSRDC)** to prepare the master plan and business case for a new multipurpose race circuit and regeneration project in the city
- Veldeman Structure Solutions, Belgium

OTHERS

- Business Club Australia is already promoting business through Sports in India.
- **Hockey Australia** has launched a sports outreach programme with Lavasa Corporation Limited for grassroots-based sports development in India and has earmarked about Rs 200 million for the project.
- Few companies which have set up their businesses or are interested in establishing their presence in India are:
 - ✓ *National Basket Ball Association, USA*
 - ✓ *Decathlon, France;*
 - ✓ *FC Bayern Munich, Germany;*
 - ✓ *Barcelona, Spain;*
 - ✓ *Manchester United, UK;*
 - ✓ *National Basketball Association, USA; IMG, USA;*
 - ✓ *Libero Sports, Chicago*
 - ✓ *Liverpool FC, UK*
 - ✓ *Shaolin Temple*
 - ✓ *International Association of Athletics Federation*
 - ✓ *US Open*

Disclaimer: This list is not exhaustive

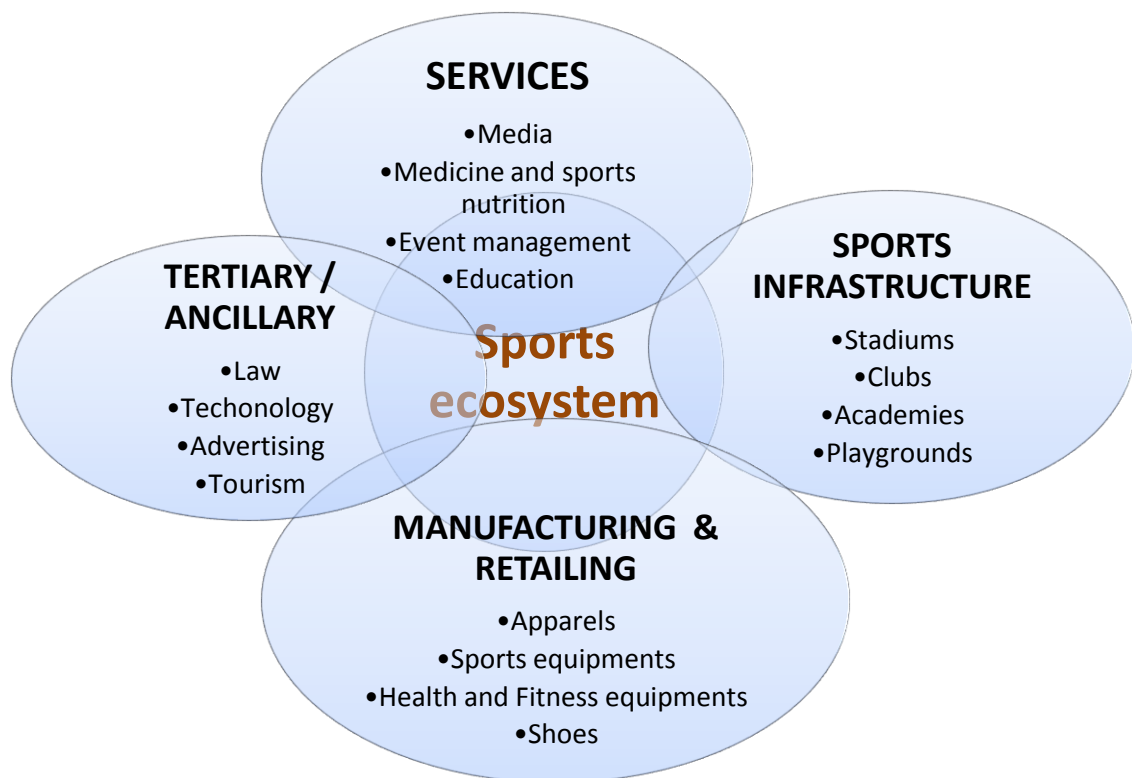
Annexure 2

Why Sports should be given Industry classification

Historically in the global context, Sports is an industry that has rapidly grown and evolved, positively impacting the overall GDP growth in numerous countries. There are enormous opportunities for further industry participation. However there are challenges in attracting investment into sport. To ensure positive participation by India's private sector beyond mere Corporate Social Responsibility ("CSR") related investments, the time is ripe for sports in India to be recognized as an industry. This would in turn assist in transparency, sophistication, professionalism, accountability, regulation, and growth.

By giving sport industry status, there would be numerous benefits that other industries and the government would receive. The classification would enable the intra and inter industry provision of support and incentives for the domain as a whole. This would include but not be limited to

- Infrastructure construction growth.
- The boosting of manufacture of sporting goods.
- More organized and systematic distribution of licensed products.
- Professional organization of live sports events of any physical human activity that requires exertion and which by its very nature is competitive.



It must be recognized that private sector is a crucial stakeholder in the global and domestic sports domain. In particular, the main areas where private sector contributes to sports include but are not limited to:

- Sponsorships
- Broadcasting rights services
- Apparel/equipment licensing
- Manufacturing and retailing of sports equipments
- Infrastructure and related collateral expertise

Annexure 2.1

SPORTS INDUSTRY DEFINITION

Sport, a term, as used in contemporary sport management and in relation to the sport business industry, is a broad concept to denote all people, activities, businesses, and organizations involved in producing, facilitating, promoting, or organizing any sport business, activity, or experience focused on or related to fitness, recreation, sports, sports tourism, or leisure.

West Virginia University has defined sports industry *as consisting of several different segments including sports tourism, sporting goods (manufacturing and retail), sports apparel, and amateur participant sports, professional sports, recreation, high school and college athletics, outdoor sports, sports businesses such as sport marketing firms, the sport sponsorship industry, and sport governing bodies.*

North American Association of Sports Economist, International Association of Sports Economists has defined the sports industry *as having three primary components:*

- 1. Activities involving participation in sport*
- 2. Activities involving attendance at spectator sporting events*
- 3. Activities involving following spectator sporting events through some media.*

Annexure 3

Global Sports Industry Overview

Today's global sports industry is worth between €350 billion and €450 billion (\$480-\$620 billion), according to a recent A.T. Kearney study of sports teams, leagues and federations. This includes infrastructure construction, sporting goods, licensed products and live sports events. According to a PWC report, global sports market revenues will rise at a compound annual growth rate of 3.7% from US\$121.4 billion in 2010 to US\$145.3 billion in 2015.

The worldwide sports events market defined as all ticketing, media and marketing revenues for major sports, was worth €45 billion (\$64 billion) in 2009. Football (soccer) remains king:

- Global revenues for this sport equal €20 billion (\$28 billion) yearly—almost as much as the combined €23 billion (\$32 billion) in revenues for all U.S. sports, Formula 1 racing, tennis and golf (see figure 1).
- In Europe alone, football is a €16 billion (\$22 billion) business, with the five biggest leagues accounting for half of the market.

As per the PWC report, the sports market consists of:

- Sponsorships, which include payments to have a product associated with a team, league or event and naming rights.
- Gate revenues for live sporting events.
- Media rights fees paid to show sports on broadcast and cable television networks, television stations, terrestrial radio, satellite radio, the internet and on mobile devices.
- Merchandising, which includes the selling of licensed products with team or league logos, player likenesses, or other intellectual property? Food concession revenues are not included.

Highlights of United States Sports sector

Estimated Size of the Entire Sports Industry in U.S (2012).	435 billion USD
Annual Company Spending for Sports Advertising, U.S	28.6 billion USD
Wholesale Revenues, U.S. Sporting Goods Manufacturers (Includes sporting goods equipment, fitness equipment, sports apparel, recreational transport items and athletic footwear)	77.3 billion USD
Retail Sporting Equipment Sales	41.5 billion USD
NCAA (National Collegiate Athletics Association) sports revenue	777 million USD
Spectator Sports Revenue (includes racetracks, sports teams and other spectator sports)	33.9 billion USD
U.S. Health Club Revenue	21.4 billion USD
NASCAR (National Association of Stock Car Auto Racing) Revenue	629.7 million USD
Major League Baseball revenue	7.7 billion USD

National Football League	9.5 billion USD
National Basketball Association	4.3 billion USD
National Hockey League	3.0 billion USD
(Official U.S. Bureau of Labor Statistics figures as of 2011)	
No. of professional athletes (Official U.S. Bureau of Labor Statistics figures as of 2011)	12,630
No. of coaches and scouts	193,810
No. of umpires, referees and officials	15,630
Americans working in fitness centers	489,200
Americans working in snow skiing facilities,	39,700
Americans working in bowling centers	68,300
Americans working in country clubs and golf courses	342,300
Americans working in wholesale trade of sporting goods	45,000
Americans work in retail sporting goods stores.	245,800
U.S estimated GDP for 2011 was \$15.094 trillion and with the entire sports industry size of \$435 billion, sports industry contribute to 2.9% of the total GDP of U.S.	
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Highlights of United Kingdom Sports sector

- Sports Industry Research Centre (SIRC) at Sheffield Hallam University predicts that the UK's £20.7 billion (\$31.8 billion/€24.9 billion) sporting economy will keep outperforming the economy as a whole.
- The sport and leisure industry as a whole currently employs 663,300 people, which accounts for around 2% of the UK workforce (SkillsActive, 2010).
- SIRC predicts that the sports clothing industry will be the biggest winner, rising 15 per cent to account for £5 billion (\$7.7 billion/€6 billion) of the overall market in 2015.
- The sports gambling industry should expand by nearly six per cent over the same time-frame to £3.2 billion (\$4.9 billion/€3.9 billion). Estimated annual income from sports events in 2010 was £2.3 billion.
- The sports industry U.K is 1.28% of the total GDP which stands at \$2.480 trillion in 2011.
- As per ATKearney paper on sports, the sports industry today spans the field of play—from the food and memorabilia stands at the stadium, to media rights and sponsorships. The many participants in this market are competing for a bigger slice of a pie worth as much as €450 billion.

Annexure 4

Explanation of FICCI model on Sports, Society and Economy

Considering the socio-economic importance of sports for economic and social growth, FICCI has come up with this model highlighting the effects sports can have on growth and development of a nation.

As explained in the diagram, health, education and tourism sectors independently contribute to the social and economic growth of the country through GDP growth, employment generation, capital formation and forex flow. These three sectors are interlinked to sports as well. However at present due to very absence of industry status to sports sector these inter linkages have not reached its optimal potential.

According to this model, the industry status, infrastructure status and a demand to allow FDI in sports would fill the missing links in the sports sector. Moreover, it will have a multiplier effects on the GDP as it will promote institutional capacity building, and contribute to entrepreneurship, factor of production (FOP) and finances.

These are contributory factors to a sustained social and economic growth. And, this further impetus to institutional capacity building, entrepreneurship, factor of production (FOP) and finances will also impact –

- the physical activity which obviously would increase and provide for a healthier nation
- skill development base will be created and expert training shall be available in particular sports
- leisure and entertainment opportunities will be created, and sports tourism will increase manifold.

Sports and physical education contribute to economic and social growth, improve public health, and bring together different communities. Also, employment is generated, capital formation occurs and the forex inflow add to the Indian reserves.

Nevertheless, sports are essential for holistic body and mind development. Additional benefits are channelization of youth's energy in constructive activities, increased employment opportunities across health, tourism and education domain, improvement in health of the citizens.

But to get these benefits we need to give due importance to sports in policy and budgetary allocations which will give impetus to organizing this sector. We should realize the importance of sports and its role in overall economic development. Demand for industry status coupled with Infra/FDI policy or private participation policy will motivate industry to invest in sports openly.

Other countries have already leveraged sports for employment generation, tourism promotion, infrastructure and economic development. Nevertheless, globally it is a multibillion dollar industry; one that has bucked the economic downturn and continued to grow at a brisk pace.

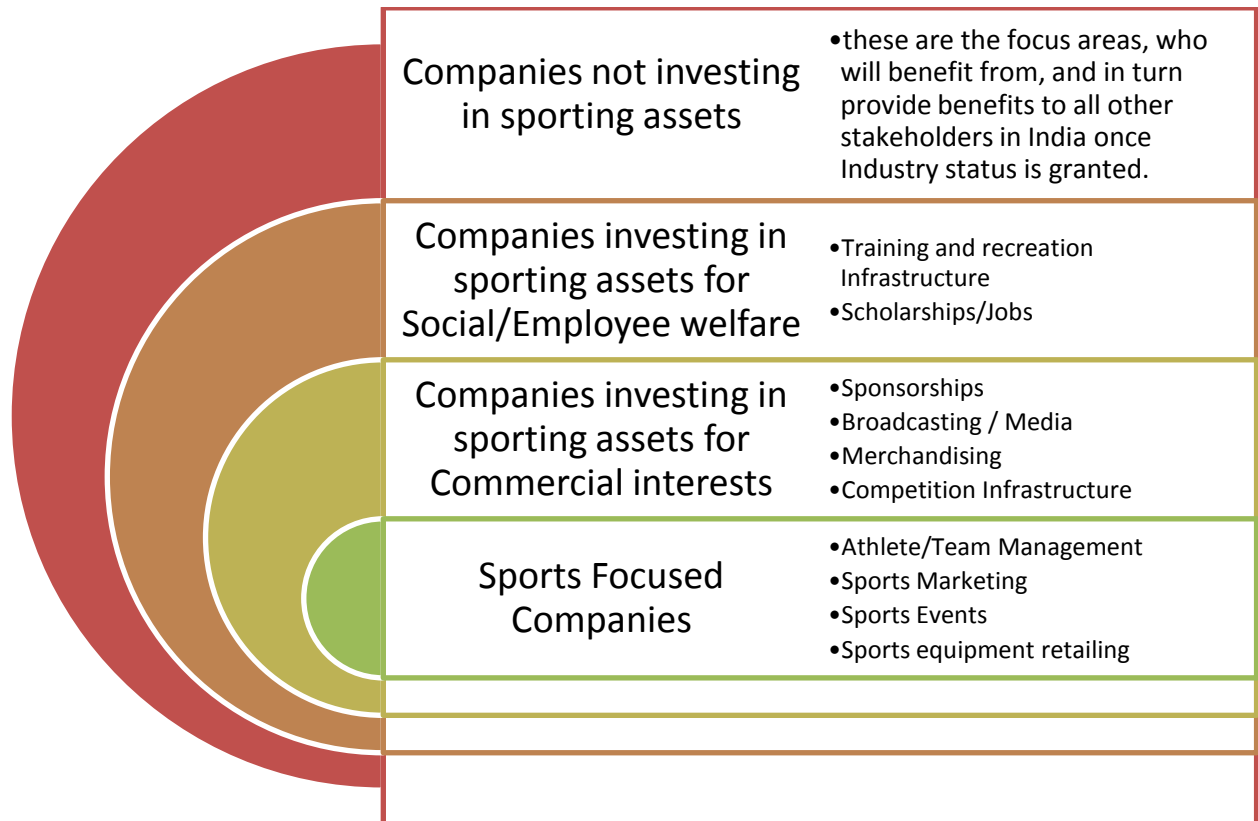
Besides this, major sporting nations have performed exceedingly well on health indicators as well. Irrespective of industry status, Sports will continue to grow but giving an industry status will create a conducive environment and catalyze the process.

Annexure 5

Domestic Sports Inclusion Projections

Industry's current and future engagements with Indian Sports could be broadly classified as shown in the diagram below.

- Sports Focused Companies: Very small group, but growing rapidly. The majority of these companies are focused on events and marketing around Cricket.
- Companies investing in sporting assets for Commercial interests: Small group, growing slowly. The majority of these companies are B2C companies that use sport to create awareness of their brand.
- Companies investing in sporting assets for Social/Employee welfare: Small group, growing slowly. The majority of these are Public Sector Companies that are making investments through their CSR initiatives.
- Companies not investing in sporting assets: This forms the majority of the Industry today, but once sports receives industry classification, these will form the basis for growth and synergies



Annexure 6

Many blue-chip sports properties have faced unnecessary impediments when starting and conducting sports businesses in India. Therefore a clear cut definition and categorization of sports equipments will help in dealing with following situation which act as a deterrent for sports goods manufacturers, like:

- Shipments of the first ever Formula One (F1) race at the Buddh International Circuit at Greater Noida faced hassles with customs clearance whereas they usually import duty free in other F1 destinations.
- India's limited actuarial expertise in the business of sports adversely affects investment potential for listed companies who cannot insure against the risk.
- Many listed companies who owe a fiduciary responsibility to their shareholders are quite possibly limiting their investment in sports to CSR budgets because there is a lack of policy for risk mitigation on investments and government support.
- Barring very few banks (IDBI, Yes Bank) institutional lenders do not easily provide loans for sports related businesses and startups.
- Sports goods' manufacturing has not yet been recognized as a labor intensive sector therefore it doesn't receive any fiscal benefits.
- A recent problem is being faced by the cricket and boxing gloves manufacturers. The custom and Excise departments would like to cover it under general gloves, which are categorized in a different chapter not under sports (cricket or boxing category). This is somewhat unfair.
- Similarly, sports floor mats for different sports like wrestling; judo; gymnastics etc. are sometimes classified by excise as general mats. There however are specific mats meant for sports so it often becomes difficult to explain and get them categorized under sports.
- The import of most sports equipment, although distinct, is usually confused with machinery imports making it financially unviable to sustain.