

# SURVEY REPORT ON NITI AAYOG'S GUIDELINES FOR FANTASY SPORTS IN DEPTH STUDY

SUBMITTED TO



सत्यमेव जयते

**NITI Aayog**



PREPARED BY



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**SURVEY REPORT ON  
NITI AAYOG'S GUIDELINES  
FOR FANTASY SPORTS**

In depth study

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## MESSAGE FROM IISM DIRECTORS



**NILESH KULKARNI**

Sports in India is in upward surge. Not only indoor and outdoor sports are getting more participation, online gaming has become the new trend. The Covid 19 has boosted the online gaming a big way. Online Fantasy Sports Platforms (OFSPs) is experiencing a steep rise. With stakes over the industry rising day by day, questions over legalities and ethics, in addition to the ever-present issue of user safety, have also risen. To address these concerns, a dialogue has been set in motion to create an official governing body which will formulate uniform guidelines that will help the fantasy sports industry to keep growing, with the aim of making India a global hub, but in a regulated and responsible manner. The move of Niti Aayog on the framing of guidelines has come up in the right time and has been well appreciated across and it's inline of what is expected from the growth point of view. We are extremely happy that IISM got an opportunity to do a survey. IISM has prepared this report after doing an in depth study of users and respective stakeholders and aims to provide meaningful insights to strengthen the guidelines further and help in expanding the future scope.

International Institute of Sports Management (IISM), which pioneered sports management education in India, IISM presently offers Bachelors and Masters Programmes in association with Mumbai University as well as an autonomous



Post Graduate Program in Sports and Wellness Management and Sports Event Management. IISM equips students with the professional skills and proficiency necessary to have meaningful careers within the sports industry & be a driving force behind its success. We believe in constantly adapting to the industry's needs.

The environment at IISM instils the spirit of initiative, ingenuity and courage in each student along with imparting classroom education and field experience side by side. Our culture facilitates not just learning from academicians and eminent industry captains but peer learning as well. Aided by the latest technology,

**NILESH KULKARNI**



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## EXECUTIVE SUMMARY

Sports in India is in upward surge. Not only indoor and outdoor sports are getting more participation, online gaming has become the new trend. The Covid 19 has boosted the online gaming a big way. Online Fantasy Sports Platforms (OFSPs) is experiencing a steep rise and expected to have over 100 million users in India by the end of 2020, a figure which has increased by over 25 times compared to the year 2016 (Economic Times) . These OFSPs, a part of an ever expanding fantasy sports industry in the country have the potential to contribute GST revenue of INR 3000 Crore to INR 3500 Crore over the next 5 years, according to a PWC India Report. Furthermore, direct and indirect employment within the fantasy sports industry is expected to create around 12000 jobs in the next 3 years. The sports industry has also enjoyed a symbiotic relationship with the fantasy sports industry, as evidenced by the increased viewership numbers of domestic and international sporting competitions, with Cricket Football and Kabaddi being the biggest beneficiaries. With stakes over the industry rising day by day, questions over legalities and ethics, in addition to the ever-present issue of user safety, have also risen. To address these concerns, a dialogue has been set in motion to create an official governing body which will formulate uniform guidelines that will help the fantasy sports industry to keep growing, with the aim of making India a global hub, but in a regulated and responsible manner.





## INTRODUCTION

### FANTASY SPORTS: INDUSTRY OVERVIEW

Fantasy sports (known less commonly as rotisserie or roto) are games which involve participants creating imaginary or virtual teams consisting of real players playing in real-life professional sports competitions. These teams compete with other participants' teams based on the statistical performance of the players playing in the actual sports competitions. Teams with the highest number of points, which are allotted depending on various parameters, are adjudged winners and receive various rewards. Despite having roots in 1960's USA, globalization and the internet era saw fantasy sports grow into the multibillion dollar industry it is today. Fantasy sports have gone from manual allocation of points by a "league commissioner" to computer systems with complex algorithms awarding points based on varying conditions in real time.

The relationship between the sports industry and fantasy sports has also blossomed into a symbiotic partnership, where the biggest sports stars are seen promoting various Online Fantasy Sports Platforms (OFSPs). This is a far-cry from the times when fantasy sports was frowned upon and classified as gambling. The term gambling still keeps popping up during conversations regarding fantasy sports, forming one half of the debate about the nature of fantasy sports - alongside skill.

As per the Indian legal system, fantasy sports and sports betting or gambling activities are differentiated on the basis of the predominance of 'skill' or 'luck' (KPMG)

However, fantasy sports have also faced backlash not only in the form of general criticism, but also bans on OFSPs in various Indian states. Questions regarding consumer safety, legalities and taxation, among other things have been regularly raised in court cases across the country. To address such concerns and help the fantasy sports industry grow in a responsible and regulated manner, an official governing body which can formulate uniform guidelines for OFSPs seems like the need of the hour.

## BACKGROUND OF FANTASY SPORTS GUIDELINES

### **SELF REGULATORY ORGANISATION (SRO)**

- Self-regulatory body should be a single-purpose fantasy sports industry body.
- Reduce the burden on the Indian judicial system

### **NEED FOR UNIFORM NATIONAL-LEVEL REGULATIONS:**

Help differentiate Fantasy Sports from games of questionable legality in the guise of fantasy sports and create a safe-harbour with defined parameters and mechanisms to distinguish fantasy sports formats as skill predominant.

### **IMPROVE EASE OF DOING BUSINESS IN INDIA:**

Uniform guidelines are needed to ensure ease of doing business and achieve full growth potential

### **ATMANIRBHAR BHARAT:**

Clear guidelines will pave way for robust growth of homegrown Indian Fantasy Sports companies and help achieve the Hon'ble PM's vision of AtmaNirbhar Bharat

### **TAXATION:**

Fantasy sports to contribute INR 13,500 Crore in taxes to the Indian government in the next 5 years

### **FOREIGN DIRECT INVESTMENT:**

Fantasy Sports industry to generate FDI more than INR 10,000 Crores in the next few years

### **EMPLOYMENT :**

Creation of additional 12,000 jobs via direct & indirect employment in the next 3 years

### **SPORTS ENGAGEMENT:**

- Fantasy Sports has been recognised as a great sports engagement tool and distinguished from online games
- The OFSP industry has a symbiotic relationship with sports

### **USER INTEREST PROTECTION:**

- Uniform guidelines will help protect consumers from unscrupulous operators
- The guidelines will enable Indian Fantasy Sports Platforms to offer easy and uniform grievance redressal tools

### **FORMAT OF FANTASY SPORTS:**

The Fantasy Sports format should feature at least one full real-world sports match

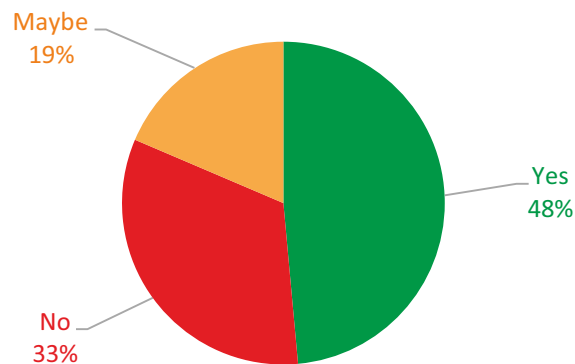
## GENERAL REVIEW OF FIFS GUIDELINES

### 1. SELF-REGULATORY BODY:

According to our survey majority of the people think that there is a need of a Self-regulatory Body which shows the support from users to the guidelines statement under Self-Regulatory Body.

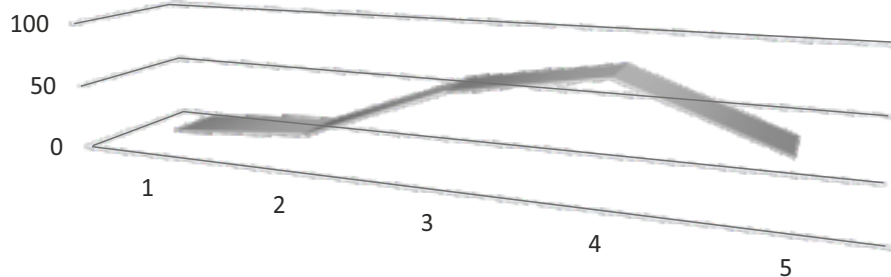
"A single self-regulatory organization for the fantasy sports industry should be recognized by the Government. Such self-regulatory body should be a single-purpose fantasy sports industry body."

NEED OF SEPERATE BODY SOLEY FOR FANTASY SPORTS



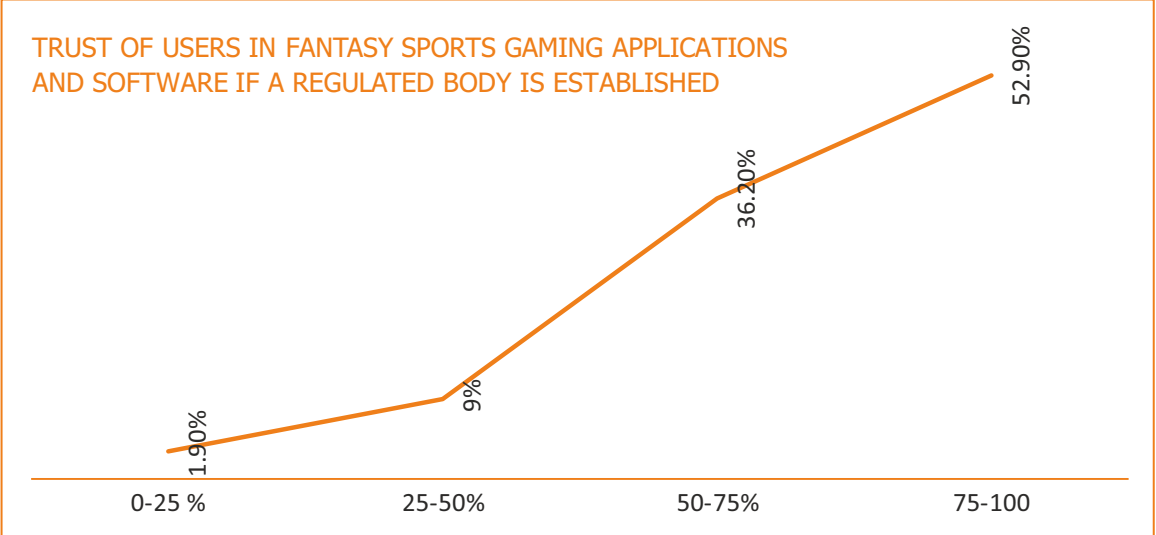
48% people think self regulatory body is needed where as 19% think such structure may be useful for future

DESIRE TO HAVE A SEPARATE FANTASY SPORTS BODY

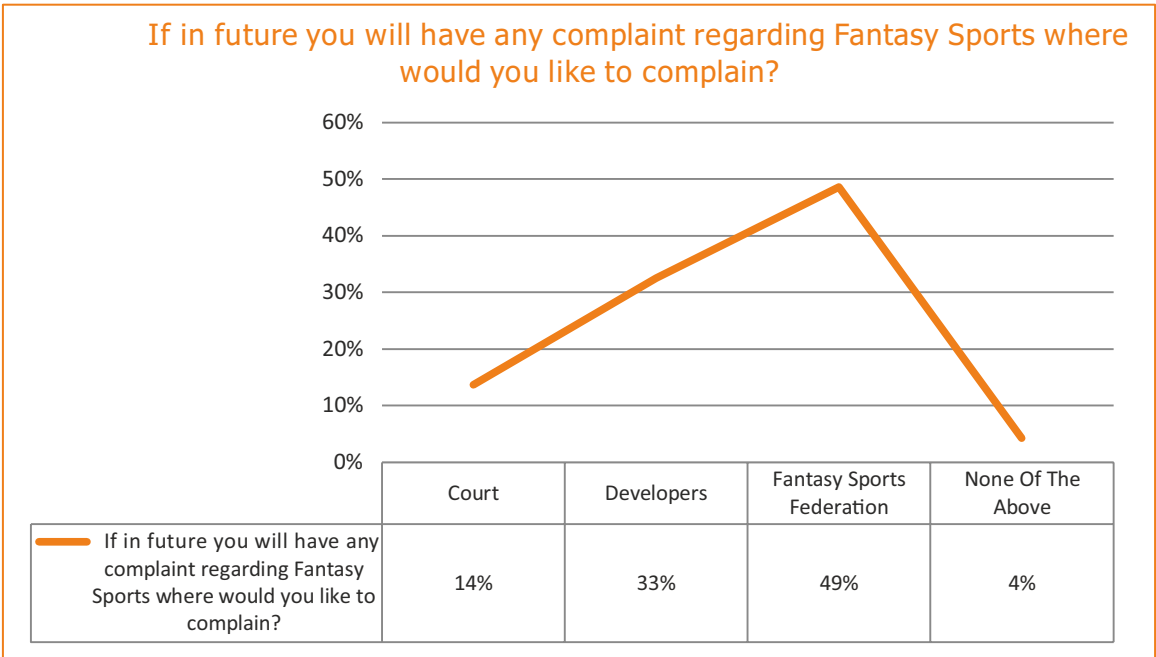


	1	2	3	4	5
How strongly you will to have a Fantasy League association ?	10	18	62	81	39

Most of the people have a strong desire for this separate fantasy sports body. Considering the graph most of the people are on the positive side of the support towards Federation of Indian Fantasy Sports.



If fantasy sports get regulatory body users will have more faith and trust in fantasy sports applications and software and this will increase user base as well.

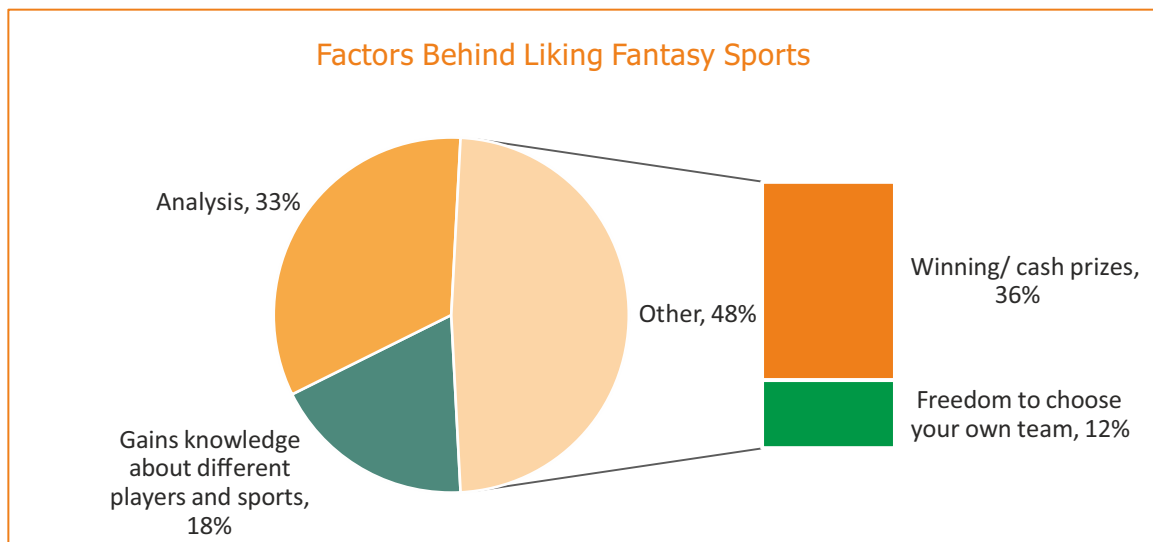


Complaint registration and complain handling is a major part for Fantasy Sports applications. The Developers play an important role in solving the queries of the people and money related issues. Courts and other government bodies have a major role in case approached.

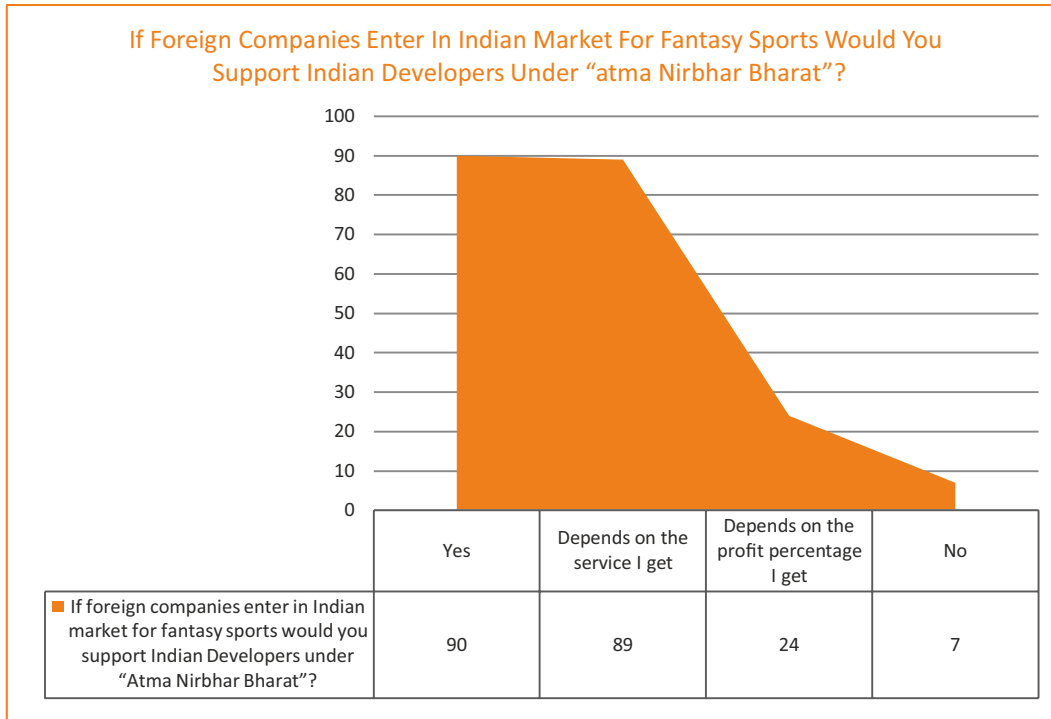
It's encouraging to see 50% people will prefer Fantasy Sports Federation to approach for their issues with fantasy sports applications in comparison with 33% for developers and 14% for Courts.

## 2. SUPPORT FOR HOME-BASED ORGANIZATIONS UNDER "ATMA-NIRBHAR BHARAT"

There are various reasons people like to play fantasy sports. Some people like the analytical part of the game some like and play only for cash prizes where as some play to gain knowledge about the game and so on. We tried to figure out which are the important parameters which affects the decision making of a fantasy gaming app user.



Majority of the people (36%) play because of the money involved in it.

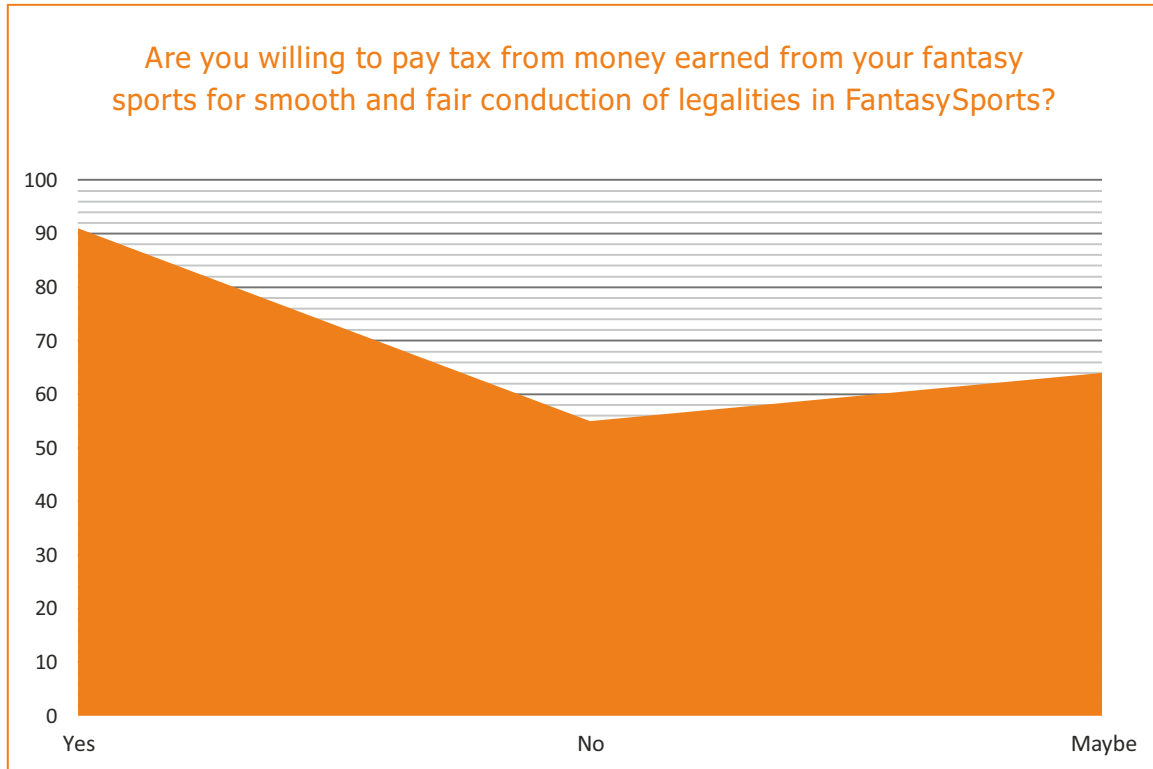


Big chunk of people of India specially the users(80%) are keen to support “Atmanirbhar Bharat” but it also should be backed up the service they get.

It is also interesting to see that profit percentage factor is of subordinate importance over “Atma Nirbhar Bharat moment” & “Kind of Service the app provides”

### 3. TAXATION GUIDELINES.

Tax money generated from the Fantasy sports would be in huge amounts and it could be of great importance to know the willingness of the people to pay the tax from the money earned from fantasy gaming.

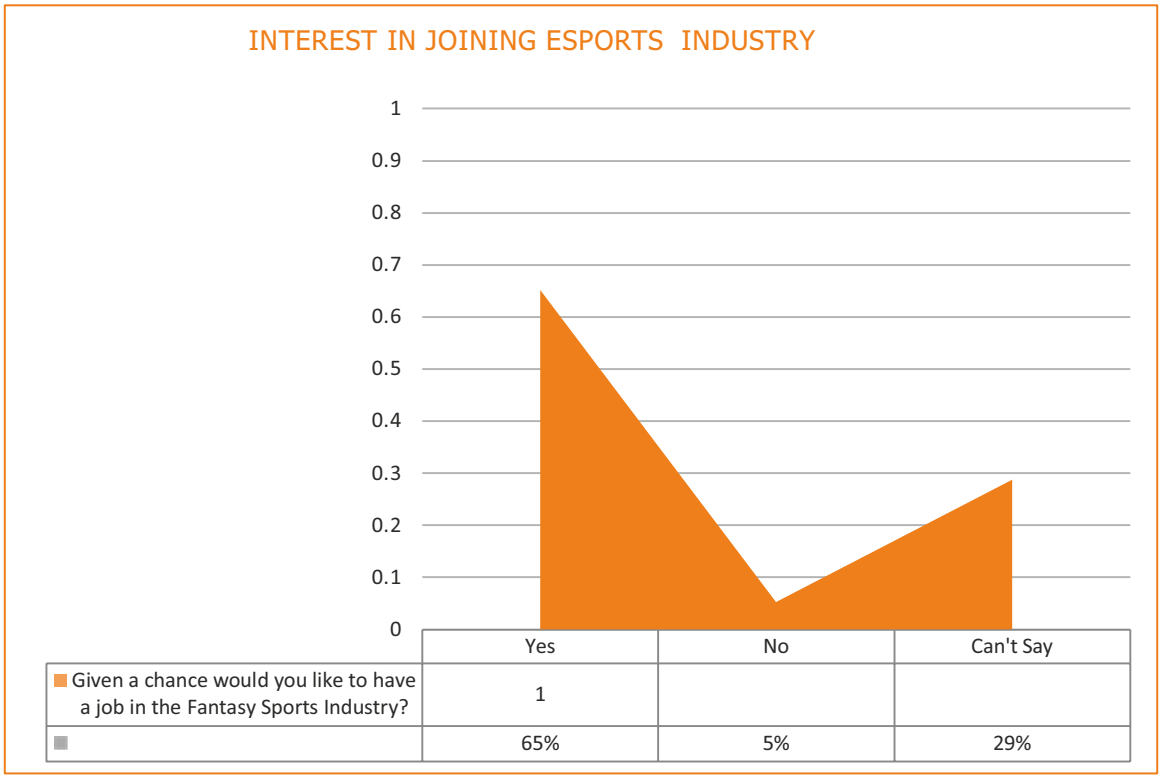


Majority of the people(90%) are interested and willing to pay the tax from the money generated by fantasy sports is a definitely a positive sign how Govt is thinking and taking steps towards structured regulations and motivating people for tax filing.

#### 4. EMPLOYMENT:

Employment generation is one of the most important benefit fantasy sports have created. As majority of our youth exposed to computer and booking fields like data analysis would surely benefit the country.





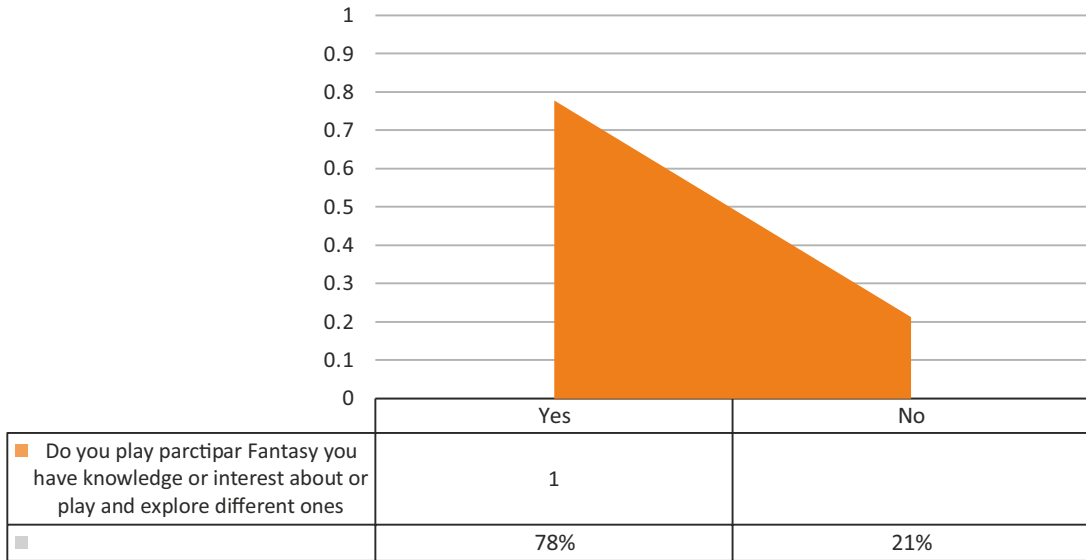
more than 65% of the people have already shown their interest to work in the Fantasy Sports Industry. There are also 30 percent of the people who are not sure about their stake of working in this industry.

**5. IMPROVEMENT IN SPORTS ENGAGEMENT:**

It is crucial to know the pattern of the fantasy sports players and if they are playing the game they have knowledge about or just for some random reason.



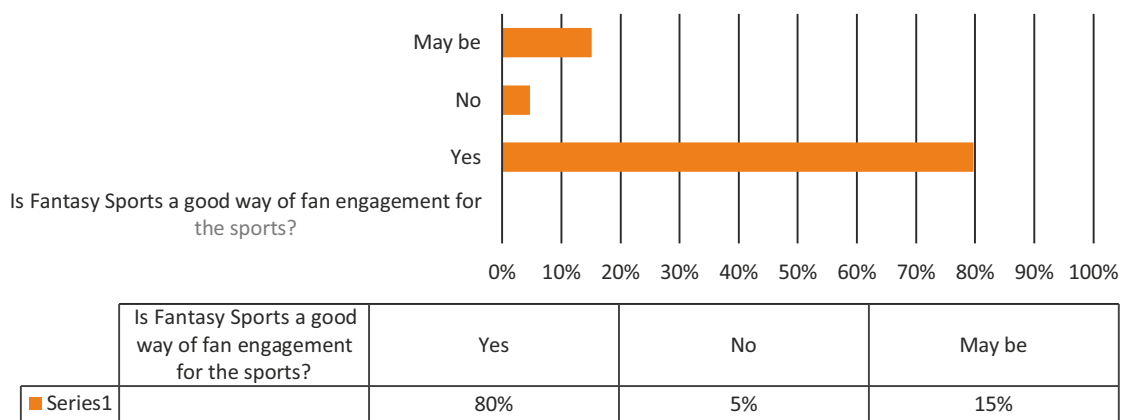
**DO YOU PLAY PARCTIPAR FANTASY YOU HAVE KNOWLEDGE OR INTEREST ABOUT OR PLAY AND EXPLORE DIFFERENT ONES**



Majority of the users(78%) play prefer and play particular sports rather over exploring more options

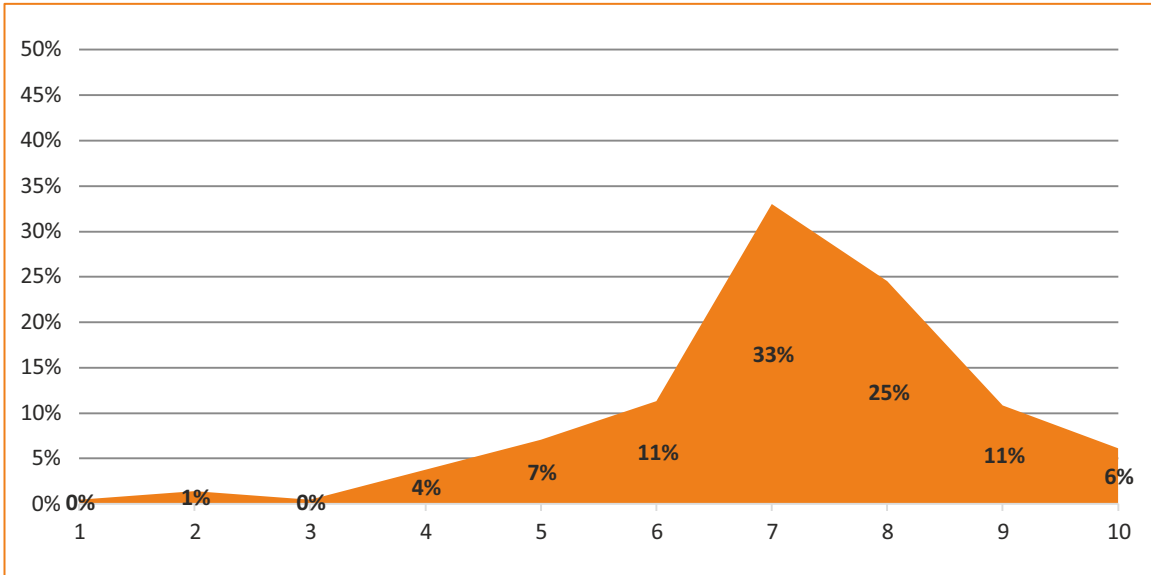
Also 80% of the people have a strong opinion that fantasy sports is a good source of improving fan engagement for a particular sport.

**Is Fantasy Sports A Good Way Of Fan Engaegment For The Sports**



## 6. UNDERSTANDING USER INTEREST PROTECTION:

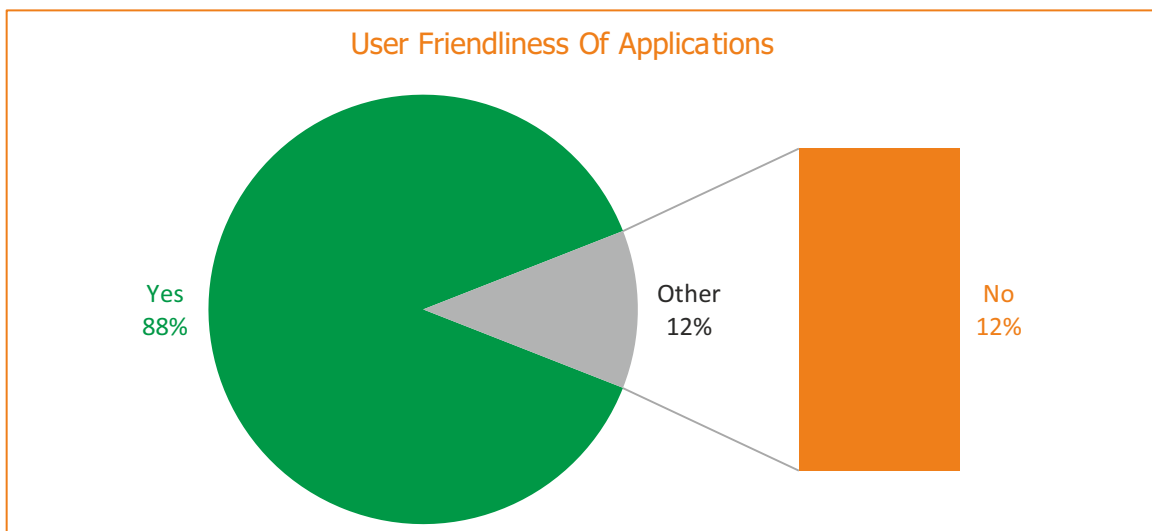
### CURRENT PERFORMANCE OF INDIAN FANTASY SPORTS APPLICATIONS:



Average rating of Indian Fantasy Sports is 7.02 /10

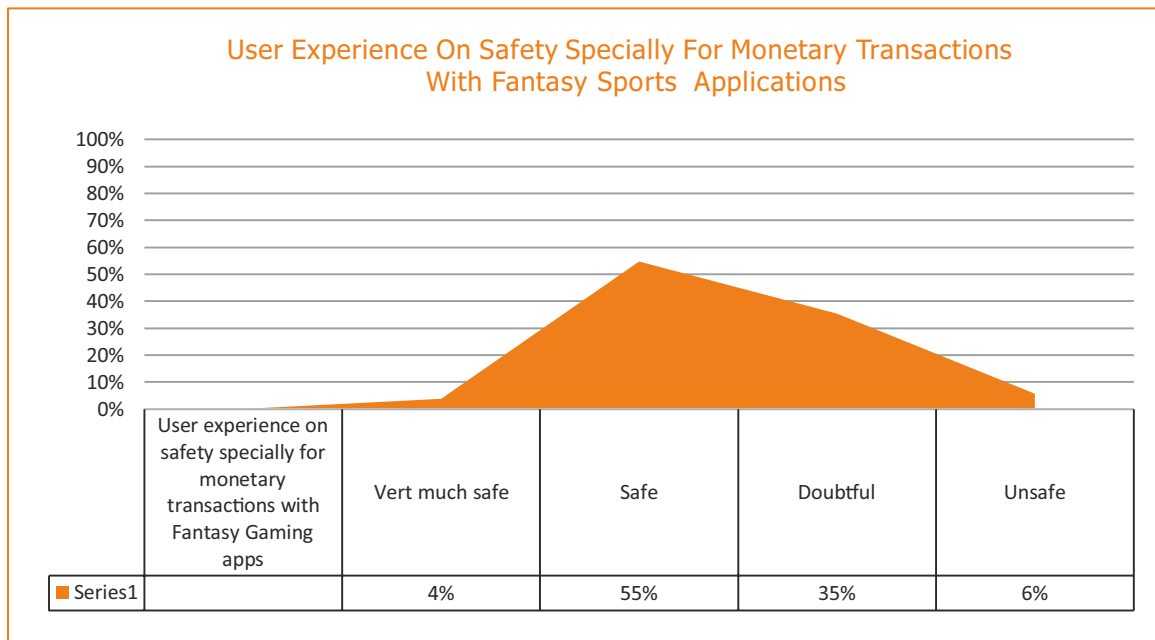
### USER FRIENDLY NATURE:

The graph below clearly shows the satisfaction level of the users when it comes the user interface and its ease to access.



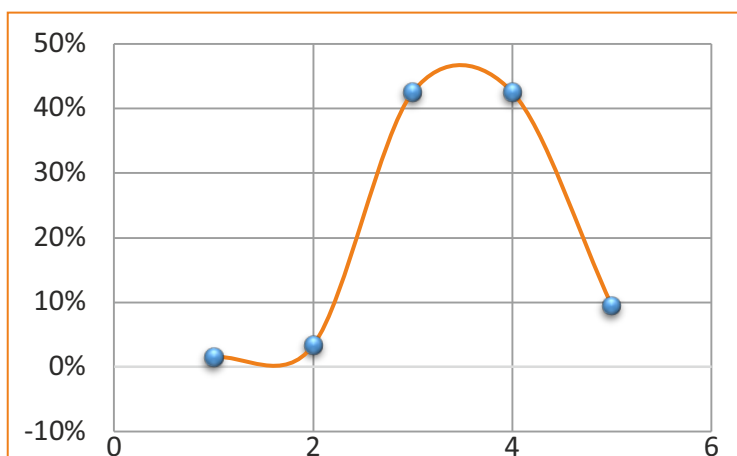
## SAFETY

As there are loads of monetary transactions involved in fantasy sports safety becomes the key parameter which concerns majority of the users. Following graph shows what is the current safety situation of fantasy sports applications in India.

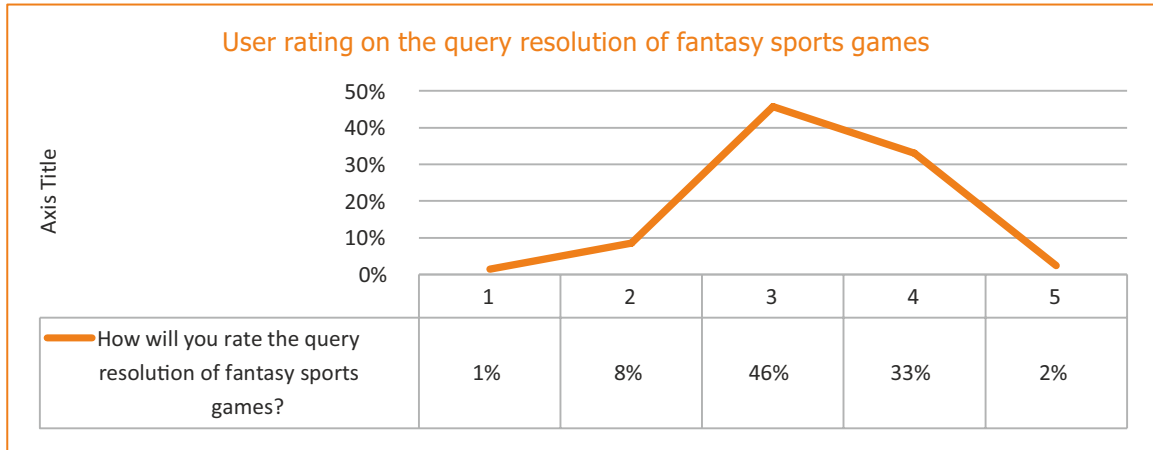


## 7. ACCEPTANCE LEVEL AND VIABILITY FOR THE LONG-TERM BENEFIT:

### TECHNICAL RELIABILITY:

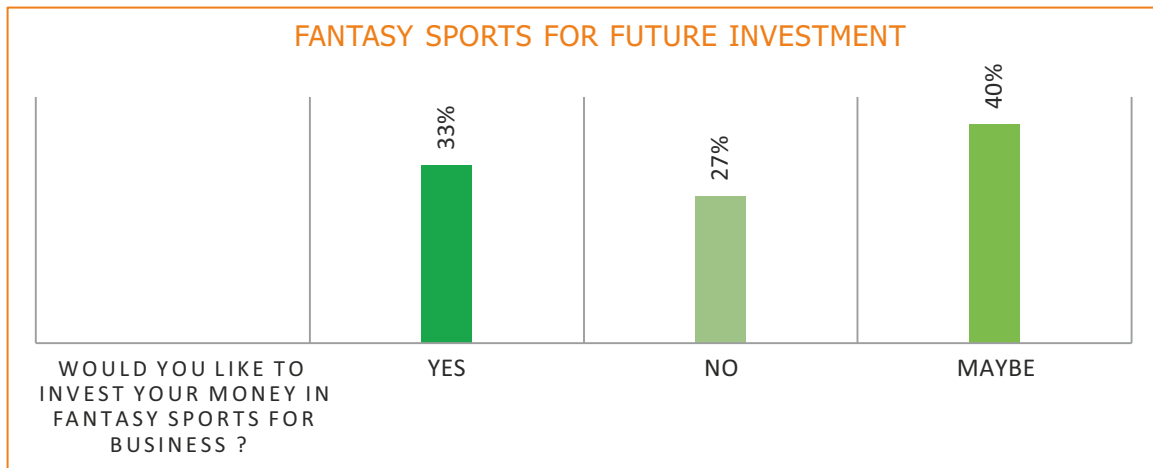


Technical reliability is the overall working of the applications which includes your monetary transaction, Points System, user interface, etc.



On a scale of 5 the current score of query resolution is more on score of 3 and 4 which clearly shows that it needs focused approach and a proper guidelines will be beneficial from users point of view

### GOOD OPTION FOR FUTURE INVESTMENT ?



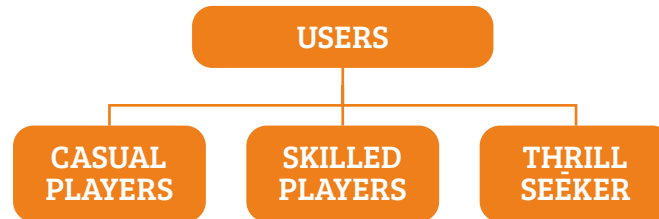
The 33% of the people have confirmed their interest in investing their money in Fantasy sports business while 40% of the people are still unsure about investing the money in Fantasy sports,

Proper regulated system and development of Fantasy sports federation looks positive to convince this 40% to invest their many in this industry

## STAKEHOLDER'S VIEW POINT

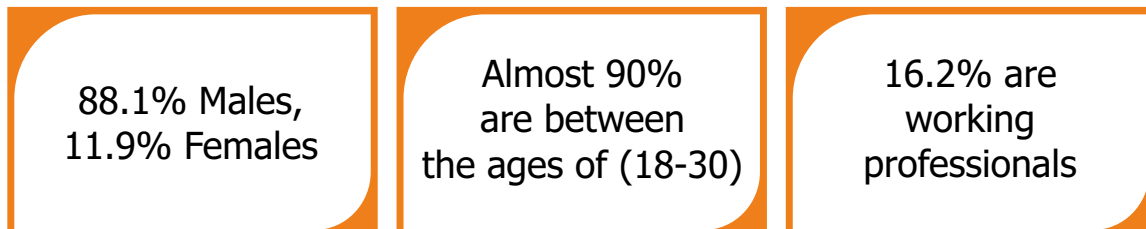
### USERS

As per the survey, most of the population invested in fantasy comprises of males. There are different kinds of players, but the 3 most common types seen in players are, casual players, skilled players, and thrill-seekers.



They are all driven by different kinds of motivational factors and they can be, entertainment, social interaction, escape, showcase your knowledge, arousal, surveillance, and prizes. Looking at the data from the survey, cash prizes and analysis has dominated to be the top 2 motivational factors. If you look at them demographically then,

### DEMOGRAPHICS OF FANTASY SPORTS USERS



Almost 90% of people are aware of OFS but only 40% of people are willing to invest in this business. As more than 50% agree that money transactions are safe, so it's not the problem of security that is pulling them back. Even they feel that the performance of OFS applications is above satisfactory. The majority of these users are the ones who have made teams and directly been involved with this sport. They have shown a strong desire of having an individual body dedicated to fantasy sports, which would be responsible for its ups and downs. As per them, the feeling of reliability would be more if fantasy sports have a well-regulated system, and it is approved by the government.

## **INVESTORS**

OFS platforms are getting really popular in India. Predictions have been made by reliable authorities based on surveys and reliable figures, and they suggest that the OFS industry is going to grow 3 times in the time period of 2019-2022. This is being proven by the fact that the spot of a title sponsorship for last IPL was grabbed by one of the biggest OFS platform, Dream11. They didn't just come in as a surprise but they were successful in defeating the strong competitors, like, Tata group and Jio. Dream11 was able to reach 400 million cricket fans and they play a key role in spreading awareness about OFS and new opportunities in the sports industry. Fantasy sports growth is directly linked with the increasing popularity of smartphone usage and digital payments. Nowadays, users are spending a lot of time on OFS platforms, because of which investors are taking notice of the many monetization opportunities in the space. Some firms raised funds in 2019 and now they are reaping benefits from the success of fantasy sports season in 2020.

## **INDUSTRY EXPERTS**

According to the CEO of one of India's biggest Esports organisations, "Global Esports" which has been into the gaming industry for a pretty long time now, esports and fantasy sports are entirely two different entities. He also appreciates this positive step taken by the government on creating a self-regulatory body for fantasy sports applications.

The HR Manager from one of the leading Esports platform "E wars" also showed her support for the recent FIFS guidelines by saying, "Our country has picked up fantasy sports before the esports and since there are monetary transactions involved in this industry a regulated body like FIFS is the current need of the market." She also stated that the majority of the users are from Tier 2 & Tier 3 cities which require special attention while solving their queries which is why they have unified support to these guidelines and promised that we are ready to make changes in their organisation and start working according to guidelines wherever required.

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## **SURVEY METHODOLOGY**

The survey has been conducted without collecting any personal information for keeping the confidentiality of private information of over 2000 people with statistical sampling method of 95% confidence level with less than 5% margin of error.



## CONCLUSION

India has seen an evolution in sports, from being a 'loss-making' industry to the 'next big industry' in the country. This happened over time and how it welcomed innovation and technology with open arms. The biggest example of it was seen during the pandemic when traditional sports were restricted but E-sports single-handedly carried the whole industry on its shoulders. Now it's time for Fantasy Sports to do the same. Industry estimates indicate that online fantasy sports platforms and operators cumulatively paid 166 crores in goods and services tax (GST) in FY19 and 445 crores in FY20. Similarly, foreign domestic investment reached the mark of 1500 crore between a year's time frame, i.e., 2018-2019.

This growth only indicates that an official governing body is required to formulate uniform guidelines that can help the fantasy sports industry to keep growing. Besides guidelines, the official body has the power to push the industry to new levels.

In a country where almost 90% of people are aware of Fantasy Sports, 28.1% of people feel that Fantasy Sports is gambling, rather than a game of skill. But, it is good to see people want to be part of it, and it is logical to have their doubts. A lot depends on the official body monitoring the sport. That's how traditional cricket has reached the ultimate heights in India and is the time for fantasy sports. People need someone reliable to be there in the business, someone reliable, whom they can trust, or go for help in case of any problem. It is seen that 50% of people would prefer to approach the federation in case of any issue, instead of approaching the developers or court. So, they have shown a strong desire in favour of having a sports body for fantasy sports.

Even investors are looking at this new market to invest but they need to know how safe it is. It can be seen through the money raised by Dream11, 385 million USD, and 130.5 million USD raised by Mobile Premier League, that this industry has tremendous growth opportunity but needs someone to regulate its growth and define a path for upcoming companies and investors. This doesn't limit the scope for foreign domestic investment. As seen from the statistics above, it is being encouraged, even when there is no set pathway for the industry.

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Whereas, a federation with a clear objective can be responsible for creating employment and assisting in the GDP of the country. Approximately, 65% of people from the survey have shown their interest in working in this industry and around 30% are not sure. They can only be sure if they see someone on the opposite side, who they can approach in case of need.

Currently, the country is divided when it comes to laws governing the functioning and legalities of fantasy sports. Every state has a different law and because of them, the companies suffer, income generation from fantasy sports is affected, risk increase for new entrants, barriers exist, play store is limiting their listings and consumer perception of OFS (online fantasy sports) being a game of skill, is also getting affected. Fantasy sports requires to have the same law throughout the country to grow steadily, or to grow at all.

Fantasy sports doesn't benefit only as a sport but it helps to promote traditional sports as well. Cricket has enjoyed its monopoly in the world of sports but now the tables are shifting. Post fantasy sports, people have started showing interest in other sports as well. They are trying to learn about different sports and are using their own analytical skills to do better and win at OFS. This has opened doors for fan engagement as well. But this raises concerns for players who are participating in this, the more they get involved, the more money transactions happen, and some security concern arises. Age bar should also be set for players who are participating in this, as nowadays, even children being 12 years old have access to technology. A proper eye should be kept on advertisements being run across these platforms as they can be misleading for these children, who can come across them accidentally as well.

To keep a proper check on these problems with the tremendous growth of OFS, there is an immediate need for an official governing body. There should be guidelines for every stakeholder who wants to be involved with this sport and want to profit out of it.

The move of Niti Aayog on the framing of guidelines is well appreciated across and it's inline of what is expected from the growth point of view.

## ACKNOWLEDGEMENT

I am thankful to the students, faculty and the design team for producing this survey report which aims to provide meaningful insights to Niti Aayog to further strengthen the guidelines and future scope of the Fantasy Sports in India

Regards

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