



Fantasy Sports:
Creating a virtuous cycle of
sports development

Content

Foreword	6
Executive Summary	7
Fantasy Sports: India’s New Sunshine Sector	8
Defining Fantasy Sports (FS)	11
What are Fantasy Sports?	11
How to participate in Fantasy Sports?	12
Industry Scale, Size and The Market Landscape	15
Key Growth Drivers of The Industry	20
Growing popularity of sports and the rise of leagues	20
Legal judgements sanctioning the skill element of Fantasy Sports	22
Digitisation in India	23
Increased trust in digital payments	23
Impact of FS	26
Economic impact	28
Impact on core underlying sports	32
Grassroot level	32
Creating a culture of sports	32
Contributing to investments and commercial activities in sports	34
Popularising sports beyond cricket	34
Creating future-ready jobs	37
Within primary and associated industries	37
Other ancillary industries	37

Profile of the FS Userbase	39
Taking the Industry to the Next Level – Risks and Opportunities	43
Stable regulatory framework	43
Self-regulation of the Fantasy Sports industry	44
Formal recognition of FSPs on app distribution platforms	45
Perception management	45
Mergers and acquisitions	46
Technology disruptions	46
Unlocking growth within the Fantasy Sport industry	47
Protecting users	47
Managing data privacy	47
Concluding Remarks	48
Appendix	49
Predominance of skill in Fantasy Sports	49
References	50

Glossary

AI	Artificial Intelligence	NCCS	New Consumer Classification System
APAC	Asia Pacific	NFL	National Football League
Bn	Billion	NITI	National Institution for Transforming India
CAGR	Compound Annual Growth Rate	NPCI	National Payments Corporation of India
CEA	Contest Entry Amount	FS	Fantasy Sports
Cr/cr	Crore (1 crore = 10 million)	FSP	Fantasy Sports Platform
FDI	Foreign Direct Investment	OTT	Over the Top
FIFA	International Federation of Association Football	PPI	Prepaid Payment Instrument
FIFS	Federation of Indian Fantasy Sports	SOT	Stars of Tomorrow
FS	Fantasy Sports	TRP	Target Rating Point for Television
FY	Fiscal Year	TV	Television
GB	Gigabyte	U.K.	United Kingdom
GDP	Gross Domestic Product	U.S./U.S.A.	United States of America
GST	Goods and Services Tax	UPI	Unified Payments Interface
INR	Indian Rupee	US\$/USD	United States Dollar
IPL	Indian Premier League	VAT	Value Added Tax
KYC	Know Your Customer	WLA'S	White Label ATM's
ML	Machine Learning	YoY	Year on Year
Mn	Million		

Note on scope, terminology, and units used

- "Fantasy Sports" in this report refers to Fantasy Sports (FS), which is offered by Fantasy Sports Platforms (FSPs)
- "Operator" in this report refers to Fantasy Sports Platforms (FSPs) or Fantasy Sports (FS) Operators
- Market size in the context of FS used in this report refers to the total Contest Entry Amount (CEA) for the FS industry
- The "Operator Revenue" is the platform fee (typically between 10-20 percent of the CEA) which is the gross consideration the operator receives for providing the platform services to the users.
- "Sporting Event" in this report may refer to a match, a tournament, or a season of a given sport
- This report may carry some numbers in the lakh/crore system, which is prevalent in India, versus the million/billion system. Please note that:
 - 1 crore (cr) = 10 million
 - 1 lakh (or lac/ lakh) = 0.1 million
- Years in this report refer to financial years ended 31 March, unless specified otherwise. This is represented as FY20xx/fyxx for year 20xx (e.g., FY2020 or FY20, for the year ended 31 March 2020)
- US\$/USD 1 = INR 75 has been used in this report for any INR to USD conversions, unless specified otherwise

Foreword

Last year, India recorded its best-ever performance in the Olympic and Paralympic Games, winning its first ever track-and-field gold medal and a total of seven medals in six disciplines at the Olympic, and 19 medals (including 5 Gold, 8 Silver and 6 Bronze) at the Paralympic. India, quite evidently, is starting to improve its Olympic performance and the hope is that eventually, the medal tally at the Olympics would concur with its increasingly important position in the world. While, in recent years, there has been a shift in the emphasis on sporting infrastructure development, there is also a need to further imbibe a culture of sports and encourage the growth of the sporting sector in its entirety.

Rewind back to India's gutsy victory at the 1983 Cricket World Cup. At that time, television coverage in India was in its infancy, and not many would have followed the World Cup. Post that win, the television industry improved its reach and offerings and took cricket to the masses. This played a pivotal role in creating a culture of cricket in the country. Today, India is a dominant force in the cricketing world. Much like the 1983 Indian Cricket Team, our valiant athletes have put up an exhilarating performance at the Tokyo 2020 Olympics and sparked the collective imagination of the country. In today's digital age, Fantasy Sports could be the stimulant, much like television was for cricket in India, to create a broad-based sporting culture.

Fantasy Sports are an extension of real-life sporting events. The competition is based on picking real-life players from various teams, watching their real-life on-field performance amass stats such as goals or runs, and turning them into points. This arouses the user's interest in the sport and its players, further augmenting the engagement and intensifying the reach and appreciation of the sport across the country. The digital nature of Fantasy Sports platforms lends itself to creating multi-sport ecosystems, which could be valuable in a country with a population of 130 crore, trying to build a sports culture, right from the grassroots.

Fantasy Sports is creating a virtuous cycle of investments in sports in the country. It is promoting fan engagement and appreciation of various indigenous and international sports, investments in physical sports development, and the promotion of sports commerce across the ecosystem through partnerships, sponsorships, and CSR.

Beyond its impact on core underlying sports in the country, Fantasy Sports is emerging as a key driver for developing future-ready skills in fields such as digital, AI/ML, cloud, and analytics and has had a multiplier effect on the growth of other ancillary sectors. Further, the impressive growth of this sector has been attracting investments (and foreign direct investment) boosting economic growth. The Fantasy Sports industry today, is a shining example of the burgeoning Indian start-up ecosystem. With capital pouring in and India finding two FS unicorns in Dream11 and MPL, the sector is inspiring more entrepreneurs to see FS as a scalable business proposition.

India has already made significant strides in Fantasy Sports to become the largest FS market in the world with 200+ Indian operator companies and 13 crore Indian users, surpassing USA's 50+ year-old Fantasy Sports market. ^[1] Fantasy Sports companies have started making a mark, for instance, by sponsoring the Indian Premier League (IPL), the Indian Olympic team in 2020, and the Commonwealth Games in 2022. If all stakeholders make a concerted effort, this sunrise sector could see a world-leading model emerge. An "Aatma-Nirbhar" effort in "Digital India", in the true spirit of the term.

Executive summary

The Indian Fantasy Sports (FS) Industry has experienced significant growth over the past few years. With a market size of over INR 34,000 crore, buoyed by strategic investments, the industry now caters to over 13 crore registered users. Over a span of five years, the industry footprint has grown to become the largest in the world and customer acquisition is only ramping up in our sports obsessed nation.

As low data costs and increased smartphone penetration enhance the accessibility of the Fantasy Sports platforms, the variety of sporting events it caters to is also expanding. Sports leagues in Cricket, Football, and Kabaddi have brought in fans in droves and the subsequent increased viewership has been advantageous to the FS industry. FS platforms have reciprocated by elevating the fan experience from mere spectatorship in the stands or in front of the TV to that of an engaged team manager, making strategic decisions with the leverage of real-world sports knowledge to create the best possible virtual team.

FS contests have introduced sports fans to sporting events that would not have traditionally gained popularity in India. Fans are now watching sports such as kabaddi, hockey, women's football, and cricket, and the exposure to such events on FS platforms is restructuring the sports appetite and viewership of sports fans in the country. On the other hand, live-streaming capabilities and the availability of sporting content across traditional and next-gen platforms have further increased user engagement across FS platforms. Consistent fan engagement, therefore, is leading to greater viewership and TRP, thereby attracting more sponsorships and the overall development of the sports infrastructure.

As the industry matures, FS operators are actively seeking out opportunities to enhance this symbiotic relationship and contribute to the sporting industry. While their digital footprint is helping create future-ready jobs in AI, ML, and analytics, contribution to the overall expansion of both, Indian sports and the digital ecosystem is a testament to the Atmanirbhar Bharat and Digital India philosophy.

Through partnerships, sporting leagues, sponsorships, and brand ambassadors, FS operators have become an integral part of the sports industry. By investments in sports infrastructure, they are supporting the adoption of sports and increasing viewership of regional sports leagues and tournaments. Through initiatives aimed at supporting athletes and sports coaches, the FS industry is enabling a rich multi-sport ecosystem in the country.

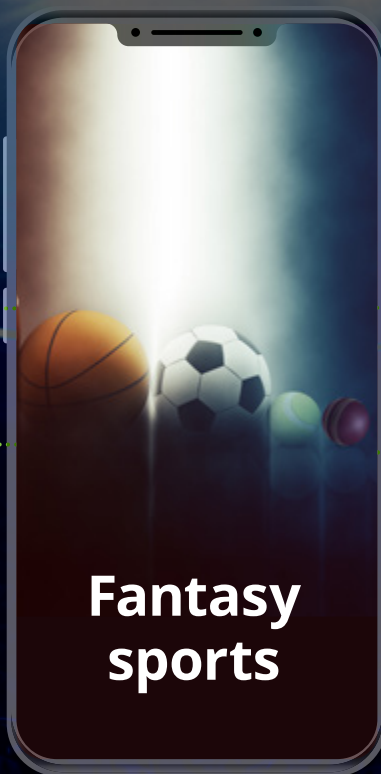
The FS industry is also embracing order and structure to ensure that the rapid industry growth is tempered with a mature approach to governance. Through self-regulation, FS operators have built frameworks to ensure that the growth in the industry is sustained by ethical and transparent practices enforced across all its members. The proposed inclusion of a stable and light-touch regulatory framework, as recommended by NITI Aayog, will further cement the ability of FS operators to structure the narrative around Fantasy Sports operations and contribute to the development of the sporting industry in India.



Fantasy Sports: India's New Sunshine Sector

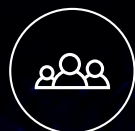


Indian Fantasy Sports Market



The Fantasy Sports user base grew at a CAGR of 130% between 2016 and 2021

The average Contest Entry Amount (CEA) across FS platforms is INR 35 and more than 50% of the users win back their participation fees or more



There are over **13 Cr** Fantasy Sports users across India



80% Fantasy Sports users participate in free contests



Smartphone penetration at 42% and low-cost mobile data leads to **high subscriber rates**



60% FS users started watching more sports than before because Fantasy Sports result in deeper and more active engagement



85% revenue is brought in through cricket



50% of transactions on FS platforms initiated from **Tier-2 and Tier-3 cities**



Key user demographic falls in the **25-40-year** bracket (which is **59%** of the total user base)

*FY21 FIFS estimate basis CEA, **FY21-FY27 FIFS projection, ***FY25 FIFS projection basis CEA
 #FY21 FIFS estimate, ##FIFS estimates until 2021, ###FY25 FIFS projection
 Market size and revenue projections could be materially impacted by regulatory actions that result in adverse or favourable effect on the performance of the Indian Fantasy Sports Market

Beyond the quantitative impact, FS can play a key role in seeding a culture of sports in India



Engaging sports fans through Fantasy Sports platforms

On FS's potential to shine a light on underrepresented sports:

“ I experienced fantasy volleyball in 2019, where the contest started with 4,000 participants, kept on adding more every day, and went to over 1.7 lakh by day 18. The discovery of a sport can and does happen via Fantasy Sports platforms ”

Joy Bhattacharya (Quizzer, writer, and sports producer)



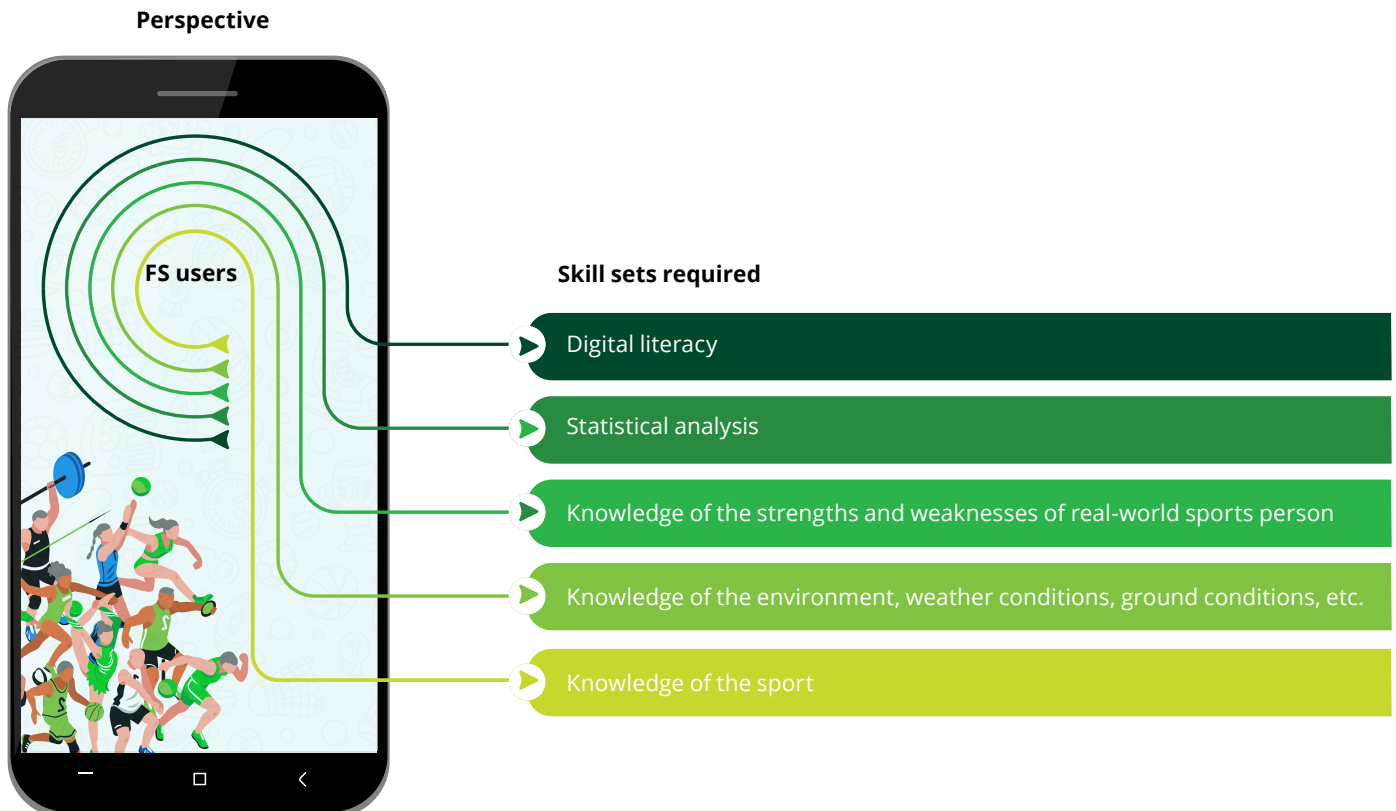


Defining Fantasy Sports (FS)

What are Fantasy Sports?

Fantasy Sports are digital sports engagement platforms, based entirely on real-life sports matches, where users build virtual teams with proxies of real players participating in an upcoming match (or match-day) and compete on real-world statistical performances of these players, based on one complete officially sanctioned sports match. This allows users to emulate the role of a coach or a manager of a team, with the power to drop, recruit, or trade a player of their choice. The teams are frozen, and the changes are locked before a match kicks-off. For some, it is about deeper engagement with the sports, beyond viewership, while for others, it is about the competition and strategy that it involves.

FS offers a unique value proposition and is distinct, as it is based on real-life sporting events, offers meaningful engagement with sports, and there is no simulated gameplay involved. It is, therefore, not surprising that the structural boundaries are indistinguishable to the common man and there is often confusion outside of the industry about what FS really is. It comes down to the conventions of naming, generational differences, and etymology in modern times.



How to participate in Fantasy Sports?

Fantasy Sports allows users to create virtual teams with real-life sports players participating in a real-world sporting event. They then compete in a competition (a contest or a virtual mini competition of their own) where the team's performance is based on the actual statistical performance of the player from across real sporting events for the given sports match. Users are then ranked based on the performance of their virtual teams during the sports match or the tournament.

Users, to create their virtual teams, operate with a limited virtual budget. The allocated virtual spend capacity per team and virtual price tags on players form boundary conditions for building the team, where top-ranked players have high price-tags attached to them and the value varies based on the player's real-world rating/rankings. To add another layer of complexity, certain conditions are imposed such as prohibiting selection of more than certain number of players from the same team, or position or profile.

Users win points based on how well the selected players perform during the real-life sports event. The eventual outcome of the match might not be the focus for users, but what matters is the individual performance of several players from the participating teams in one complete match. Performance is often indicated by parameters such as runs scored or goals assisted. The user, in effect, takes the virtual role of a sports team manager to build the most effective team for a given sporting event. The virtual team's success is based entirely on the actual performances of the real-life players in each complete match. The user's knowledge and adroitness towards the sport becomes key to selecting the fantasy/virtual team.

While enrolling for a contest to compete in, the users (as on most platforms) would have an option to choose between a free and a paid contest. A user will be permitted to modify the team until a cut-off time (typically before the start of the actual event). For a pay-to-participate contest, a portion of the Contest Entry Amount (CEA), typically 10 to 20 percent, goes towards the FS platform fee, while the remainder makes up the prize pool.



Illustration: A typical working of an FS contest





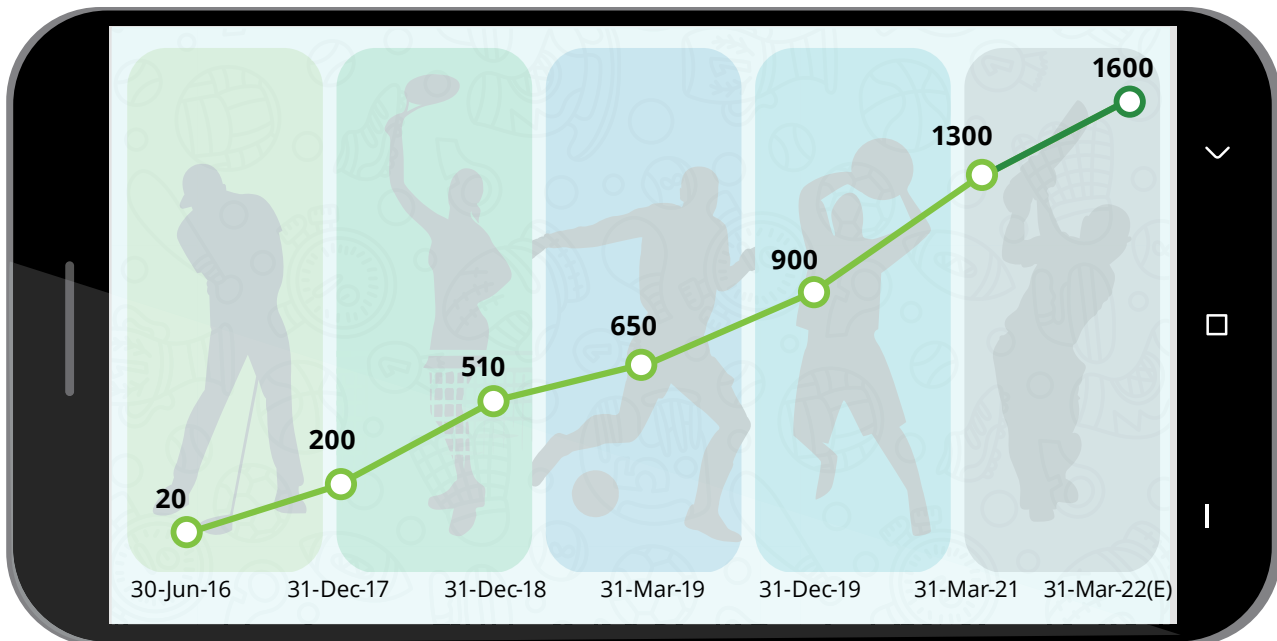
Industry scale, size, and the market landscape

Globally, the Fantasy Sports industry has been showing healthy growth, with India being the fastest-growing FS markets with the largest user base at 13 crore, which is further expected to grow at a CAGR of 32 percent in the coming years. The country has become a high-growth, in-focus market due to a large tech-savvy millennial population base, growing affiliation with sports, rapid smartphone penetration, and the availability of low-cost mobile data; and is projected to grow from INR 34,600 crore in FY21 to an estimated INR 1,65,000 crore by FY25, per FIFS estimates. ^{[3] [1]} However, the market size and revenue projections could be materially affected by

any potential regulatory actions that result in adverse or favourable effect on the performance of the Indian Fantasy Sports Market.

Further, the growth in the Indian FS industry is expected to be driven by advancing sporting infrastructure and the popularity of sporting leagues across the country. This growth is also aided by several key environmental factors such as increased media digitisation, simplified digital payment platforms, increased adoption of affordable smartphones, and significant global investments in high-speed internet infrastructure.

Fantasy Sports user base growth (actuals and projection) in India (lakh) ^[1]



Multiple court rulings on the legality of Fantasy Sports offered by FSPs, their associations with sporting bodies, sponsorship of major sporting events, and recruitment of brand ambassadors of regional and international repute have all helped the FS industry gain traction and expand its user base. Starting at approximately 20 lakh registered users in 2016, the Indian FS user base has grown to well over 13 crore in 2021. In contrast, the Fantasy Sports industry across the US and Canada is estimated to have grown from about 5 lakh users in 1988 to 5.9 crore users in 2017, translating to a CAGR of 14 percent, over the course of 29 years. ^{[4][5]}

The rapid growth in registered users has further attracted established companies and start-ups alike to invest and innovate in this space. There are over 200 Fantasy Sports operators in India, and their potential to attract users and

generate revenue have attracted significant investments from domestic and foreign investment firms.

The low-hanging fruit for FS operators in India unsurprisingly came from cricket. The supply of “raw material” has also seen growth, with an increase in the number of events the Indian cricket team participates in. The IPL, which brings in several cricket matches in a short window, has been a key growth driver for Fantasy Sports in India. The success of the IPL has also spawned multiple T20 leagues across the globe such as the Big Bash League in Australia, the Caribbean Premier League, and the Super Smash League in New Zealand. The emergence of such tournaments ensures that FS users have multiple opportunities to participate in Fantasy Sports contests all year long. Cricket, today, accounts for over 85 percent of the total market value of FSPs ^[6].

India Fantasy Sports market share, by sports type ^[7]

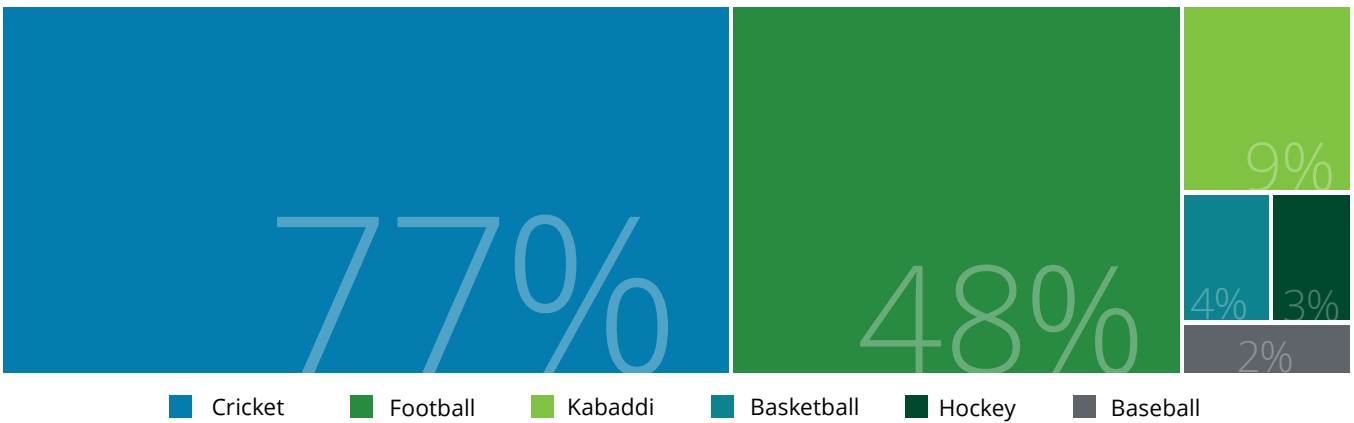


Nevertheless, Indian FSPs have endeavoured to diversify their portfolio to include sports such as football, hockey, kabaddi, baseball, basketball, rugby, and volleyball. We note that OSFPs could play a key role in creating a broad-based sporting culture in the country, which goes beyond cricket and to some extent, football. Cricket, which generated INR 25,000 crore of CEA for FSPs in FY21 and is touted to reach INR 73,000 crore by FY25, might see its share going to other sports, but will continue to grow at



CAGR 30% percent over the next four years and remain the highest contributor. ^[3]

Cricket, football, kabaddi, and hockey, together, account for over 98 percent of the total FS revenue and remain to be the staple offering of most FSPs in India. However, COVID-19 and its impact on live sports have steered FSPs and users to explore alternative sports globally, such as baseball.

Fantasy Sports user spread across sports ^[1]



Indian Fantasy Sports market (actuals and projection) for non-cricket sports (INR crore) ^[1]

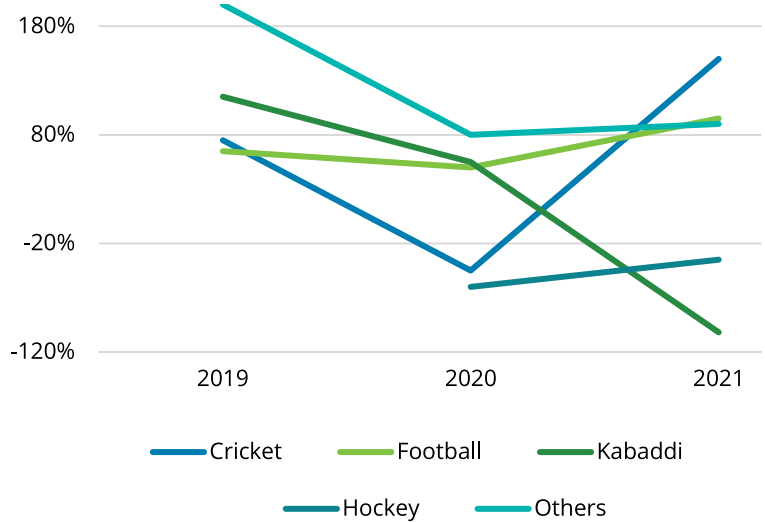
	2019	2020	2021	2022(E)	2023(E)	2024(E)	2025(E)
Football 	376	1,043	2,257	4,098	6,312	9,108	12,188
Hockey 	400	1,099	2,352	4,228	6,448	9,217	12,229
Basketball 	41	107	217	369	530	717	896
Baseball 	3	6	12	19	28	36	42
Others 	73	183	359	584	803	1,027	1,210

Note: Market size and revenue projections could be materially impacted by regulatory actions that result in adverse or favourable effect on the performance of the Indian Fantasy Sports Market

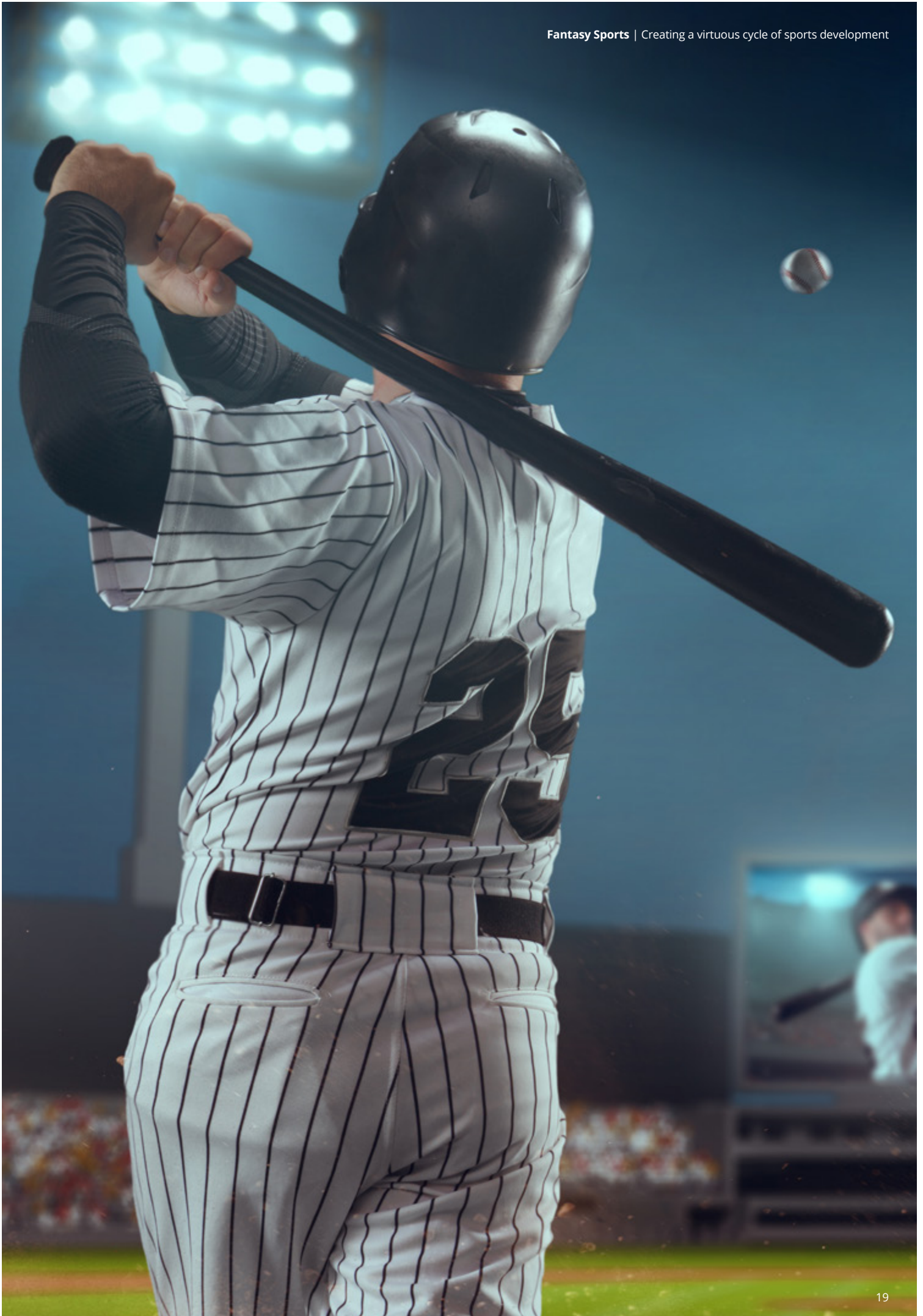
While COVID-19 continues to significantly impact sporting events and the entertainment sector as a whole, there is still an appetite for sporting events amongst fans. Multiple sporting events and tournaments, including the IPL in 2021, have attempted to conduct sporting events behind closed doors and with stringent protocols to ensure the health and safety of the players and staff. This has shown the resilience of the industry and strongly indicates that there will continue to be suitable sporting events and sufficient coverage via traditional and digital channels, such as OTT platforms. This bodes well for the FS industry as well. The FS industry base in India grew by over 20 lakh users between May and June 2021, and this growth can be linked to Phase 1 of IPL 2021. ^[1]

This enormous growth induced curiosity and interest across media, resulting in various Fantasy Sports YouTube channels, vlogs, TV shows, newspaper columns, blogs, and forums where “experts” analysed performances and upcoming trends. Even though the whole phenomenon of Fantasy Sports started outside of India, major events such as the FIFA World Cup, Champions League, and particularly the Indian Premier League increased interest amongst Indian sports fans.

YoY change in total active users across different sports categories ^[1]



Note: The de-growth can be attributed to postponement of the IPL in 2019-20 and cancellation of Pro Kabaddi and Hockey India Leagues due to COVID-19



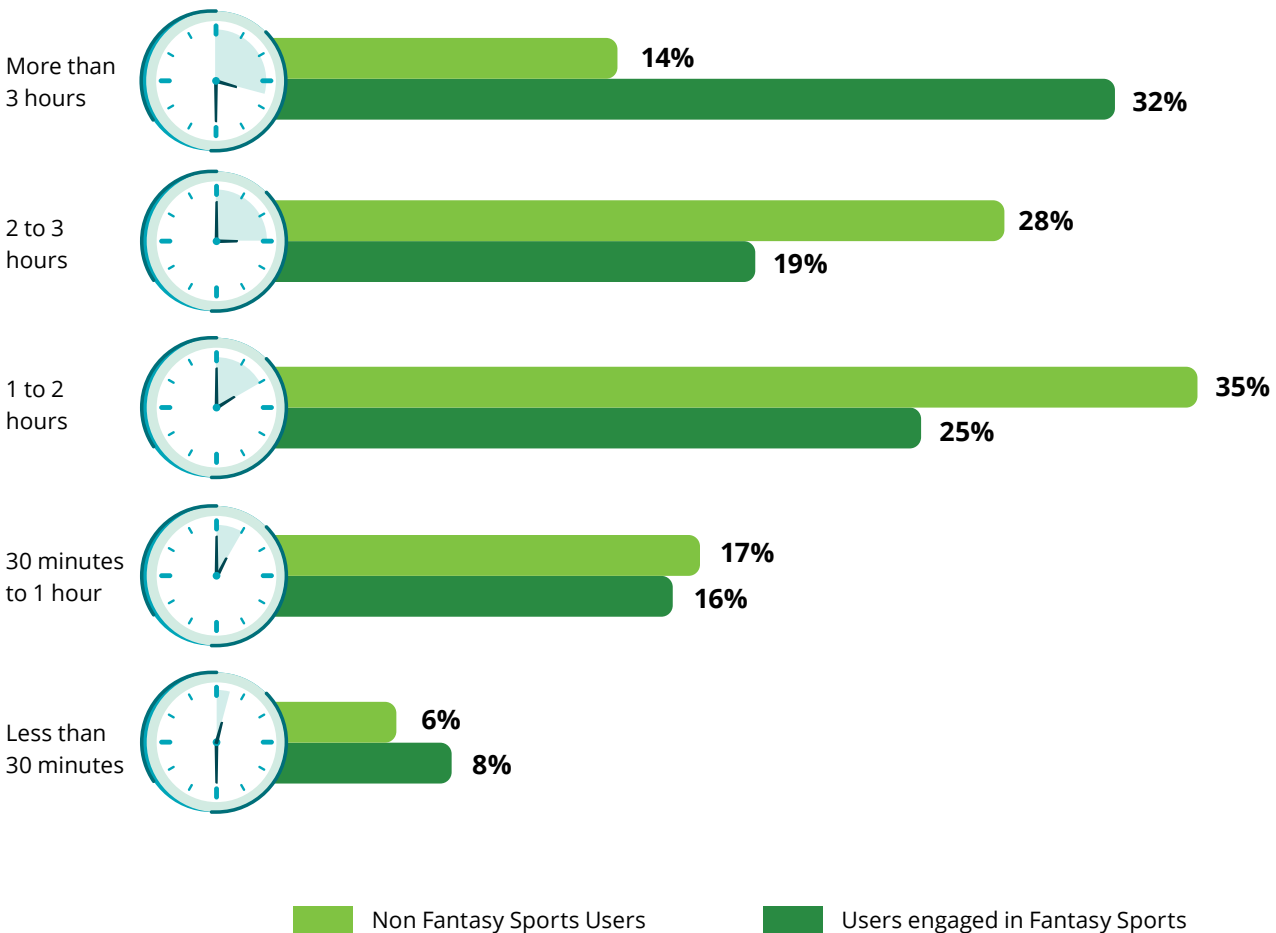
Key Growth Drivers of The Industry

Growing popularity of sports and the rise of leagues

There are strong and organic synergies between live sports and Fantasy Sports. Sport viewers have a high propensity to engage and actively participate in fantasy sporting events, as it augments their viewing experience. Results of a study released by the FIFS indicate that 60 percent of Fantasy Sports users follow or watch sports

more when engaged in Fantasy Sports. Currently, there are 13 crore users who engage in Fantasy Sports, while there are 80 crore viewers of sports content suggesting more than 85 percent viewers are still potential users for the FS industry to seek future growth. ^{[1][9]}

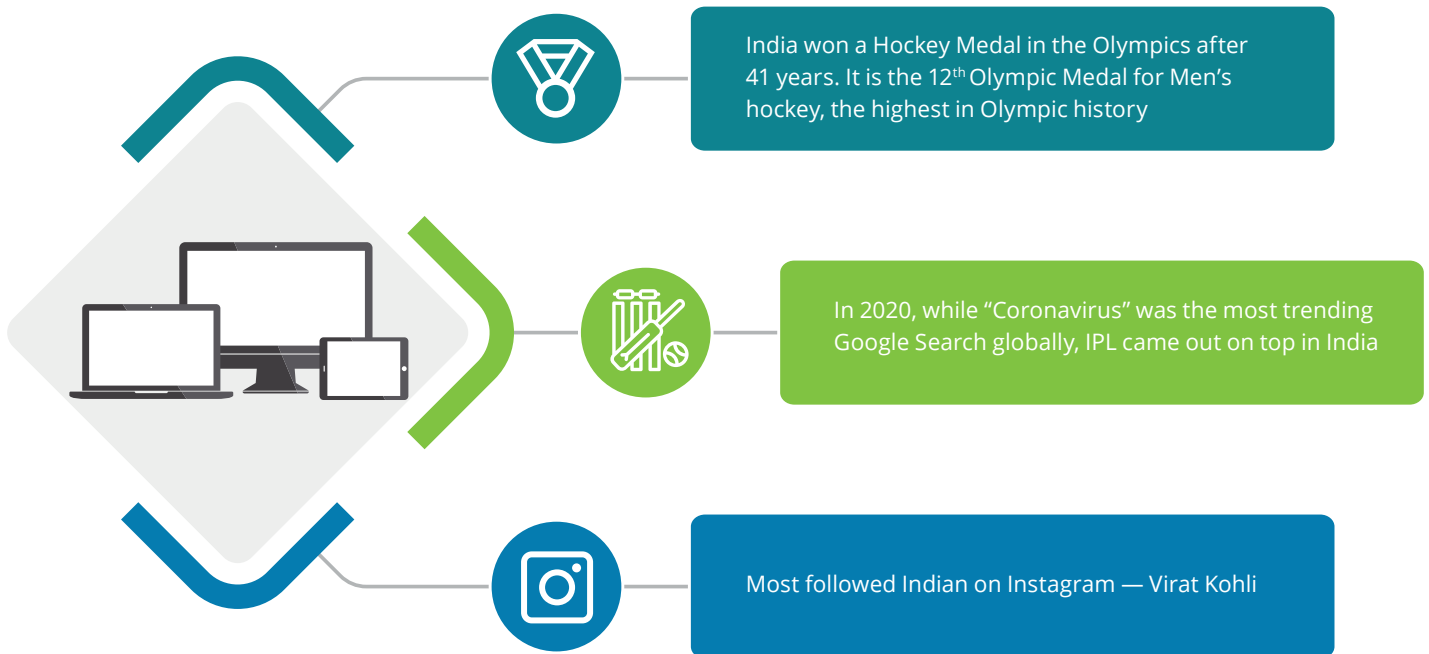
Time spent watching a match ^[10]



Cricket dominates in India, representing 79 percent of all sports channel viewership on television (2019) ^[11]. Women's cricket has also gained popularity; the first 12 matches of the 2020 ICC Women's Twenty20 World Cup generated 4.1 crore viewing hours in India, a 213 percent increase from 2018. ^[12] While India may be a cricket-loving nation, other sports have been gaining momentum over

the years. Since Pro Kabaddi League's inception in 2014, Kabaddi has become the second-highest, sports channel viewership (2019). Football viewership also has been breaking records, from Euro 2020 viewership outdoing the FIFA world cup 2018 to La Liga's 72 percent increase in viewership since the restart, post COVID-19. ^[13]

Illustration: India's obsession with sports ^{[14], [15], [16], [17]}



There are numerous reasons contributing to the growth in sports' popularity in India. Firstly, the "entertainment" quotient of sports has been rising. The quality of broadcast, production, celebrity endorsement, and branding has improved manifold through franchise leagues in sports such as football, kabaddi, hockey, and now even kho-kho. There is also an emphasis on fan engagement and access through the introduction of vernacular commentary. Sporting events today are accessible to anybody, anywhere, with a smartphone and an internet connection. Flexibility has also increased

with OTT platforms, allowing users to watch content on a second (small) screen or while on-the-move.

The growth of social media has provided a complementary infrastructure for the growth of sports popularity and in the evolution of fans, from passive viewers to active and engaged participants. Social media, FS, and sports content platforms have become hotspots for fan communities to come together and discuss their favourite sports in granular detail and engage with the sport, and even celebrities and sportspersons.

Legal judgements sanctioning the skill element of Fantasy Sports

In India, games of skill are exempt from the provisions of the Public Gambling Act. A key steppingstone in the growth of Fantasy Sports in India can be traced back to the High Court of Punjab and Haryana's ruling in favor of Dream11 in "Varun Gumber vs. UT of Chandigarh & Ors"^[18], where it was judged that participation in an Fantasy Sports contest required "material and considerable skills by the user in 'drafting' of a virtual team and 'playing a fantasy game'".

Another key development is the Supreme Court order passed on 30 July 2021, reaffirming the judgements passed by various High Courts and ruling that the outcome in Fantasy Sports depended on the skill and knowledge of the participant instead of chance and does not encourage gambling, betting, or wagering.

With the Supreme Court also upholding the judgment and dismissing a subsequent petition, it built confidence for the industry and brought legal certainty. Barring the states of Assam, Odisha, Andhra Pradesh, and Telangana, where state laws disallow residents from engaging in online games (be it skill, chance, or a mix of both), FSPs can operate legally across India. Operators offering FS in

accordance with the Charter of the Federation of Indian Fantasy Sports (FIFS) shall be accorded protection under Article 19(1)(g) of the Constitution of India, as a legitimate business activity^[18].

With legal clarity on the preponderance of skill over chance in Fantasy Sports, FSPs sought to expand their presence in the Indian market and actively participate in the ecosystem, creating ties with sporting associations, tournaments, and sportspersons.

FSPs have also taken proactive steps to self-regulate and maintain the key characteristics of FS that the High Court of Punjab, Rajasthan, and Haryana had noted in their judgements. The Charter for FSPs issued by the Federation of Indian Fantasy Sports defines the mandatory requirements that FSPs need to adhere to for contests to remain tethered to the skill over chance principle. These include limiting FS contests to international or officially sanctioned real-world matches, ensuring that FS participants cannot alter team compositions beyond a predetermined and pre-declared deadline, stipulating the number of players and the composition of the team, contests based on a complete real-life match, and avoiding problematic actions such as auto-selection of players in a team.



Digitisation in India

With the overall rise in the importance, availability, and access to the internet over the past few decades, the way a viewer consumes and engages with sports has changed massively. The concept of a “connected fan” has resulted in greater involvement of participants from the value-chain, such as leagues, players, sponsors, and media, which has positively influenced the overall growth of the Fantasy Sports industry.

Smartphone literacy, an active internet connection, and secure, click-of-a-button payment methods (should the user choose to participate in prize-based competitions) are critical in defining participation. India, with a median age of 28 years ^[19] and smartphone penetration of 42 percent (in 2020) ^[20], offers a sufficiently large universe that could be tapped into by FSPs. The cost of mobile data in India is INR 51/GB, significantly lower than the global average of INR 316/GB ^[21]. This makes it affordable for mobile subscribers in India to participate in FS competitions. It is because of the smartphone penetration and affordable mobile data plans that most FSPs in India only offer mobile-based apps for participation.

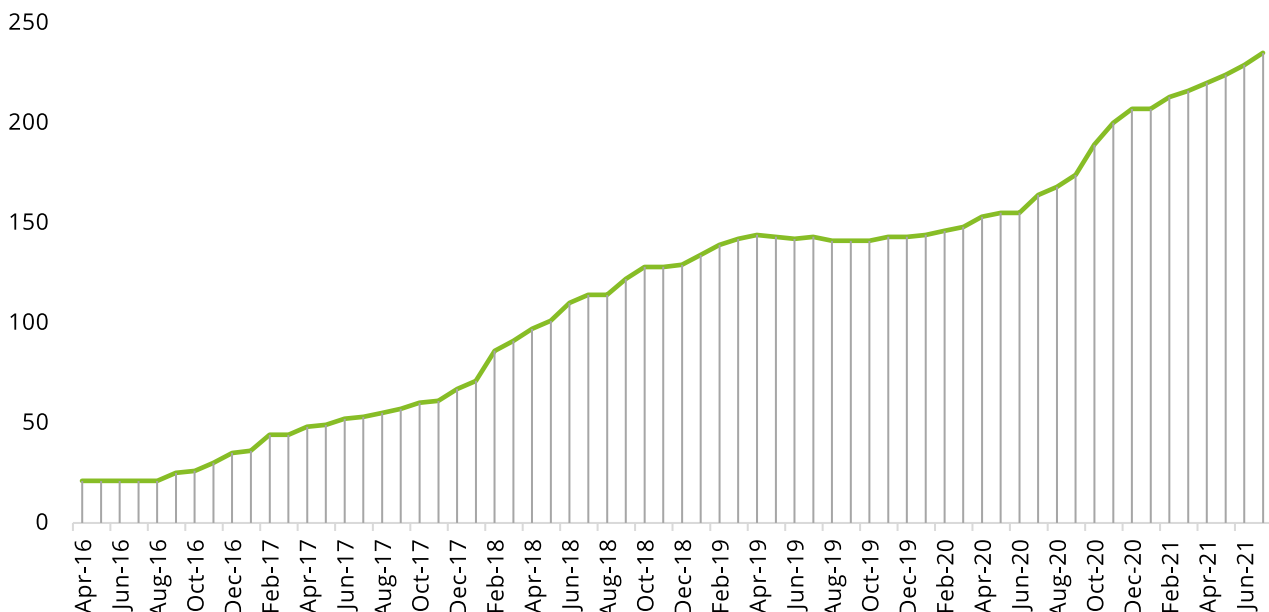
High-speed, low-cost internet also allows FS users to keep abreast with the latest statistics and refine playing strategies through the content put up online by peers/

experts, or even through live-streamed sporting events that are not locally televised. Complementing Pay-TV, the proliferation of OTT platforms also provides FS users with the ability to view and monitor high-quality sports content. This has also opened doors to national and international sports events such as hockey, baseball, football, and kabaddi, that provide additional opportunities for FSPs to engage with their user base and enhance engagement on their platforms.

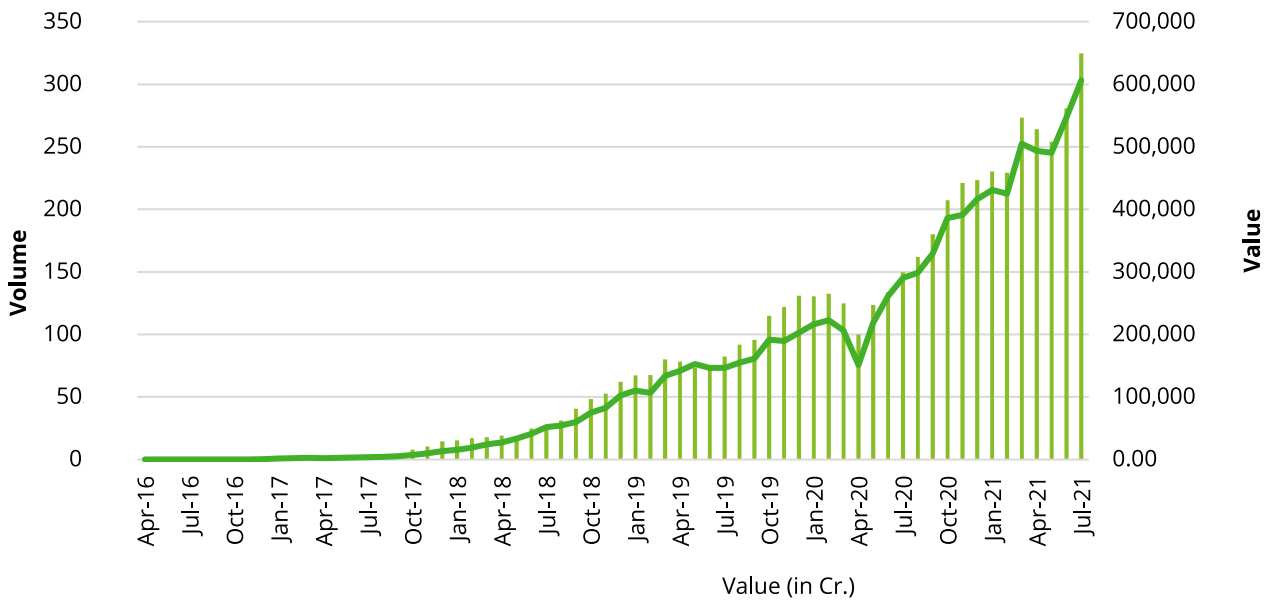
Increased trust in digital payments

India has undoubtedly pulled out all the stops, when it comes to digital payments, its rapid growth, and acceptance. This has acted as a propellant, providing a fillip to several sectors, including FS. Digital payments include RTGS, credit transfers (such as UPI), debit and direct transfers, card payments, and PPI as their categories. These forms of digital payments received a huge boost in the development and user adoption during demonetisation in 2016. Recently, the convenience presented by digital transactions has resulted in its exponential spurt, with Reserve Bank’s Digital Payments Index growing 2.7x between March 2018 and March 2021, representing the rapid adoption and deepening of digital payments and UPI clearly emerging as the preferred mode of payment.

Number of banks live on UPI ^[22]



Volume and value of UPI transactions ^[22]



FS contests events have an average CEA of INR 35 ^[1] and there was a need to enable secure, low-cost, high-volume transactions. Rise of multiple payment platforms powered by Unified Payments Interface (UPI) provided the much-needed support. All transactions, today, on Fantasy Sports platforms take place only through safe and verified digital payment gateways.

While the payment platforms provide a monetisation interface to the FS platforms, FS operators, themselves, are also implementing solutions to enable seamless

payment experiences and lower transaction failure rates, allowing operators to manage high-volume transactions and include predictive models to anticipate and scale operations as needed. ^[1]

Furthermore, Know Your Customer (KYC) documentation of all FS users are verified by operators to ensure that payments are made to legitimate users, who meet the minimum age criteria of 18 years, and are legally permitted to compete in FS contests in India.



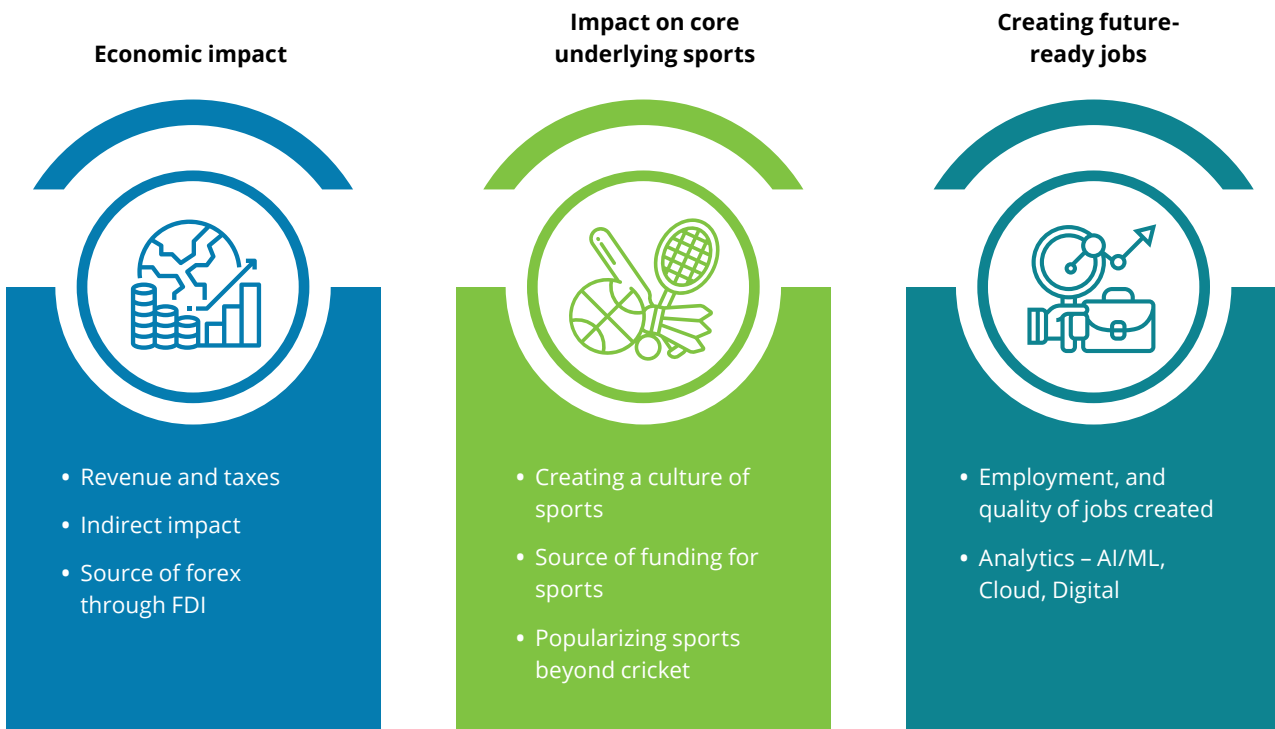


Impact of FS

The FS industry has emerged as a key driver for economic and technological growth, and is creating a multi-pronged impact on sports, the economy, and technology. We have analysed this impact under three dimensions using the

sectoral multiplier effect. This helps estimate the level of economic activity in other industries/sectors, resulting from a rupee of output in a given sector and leading to direct and indirect need for employment and resources.

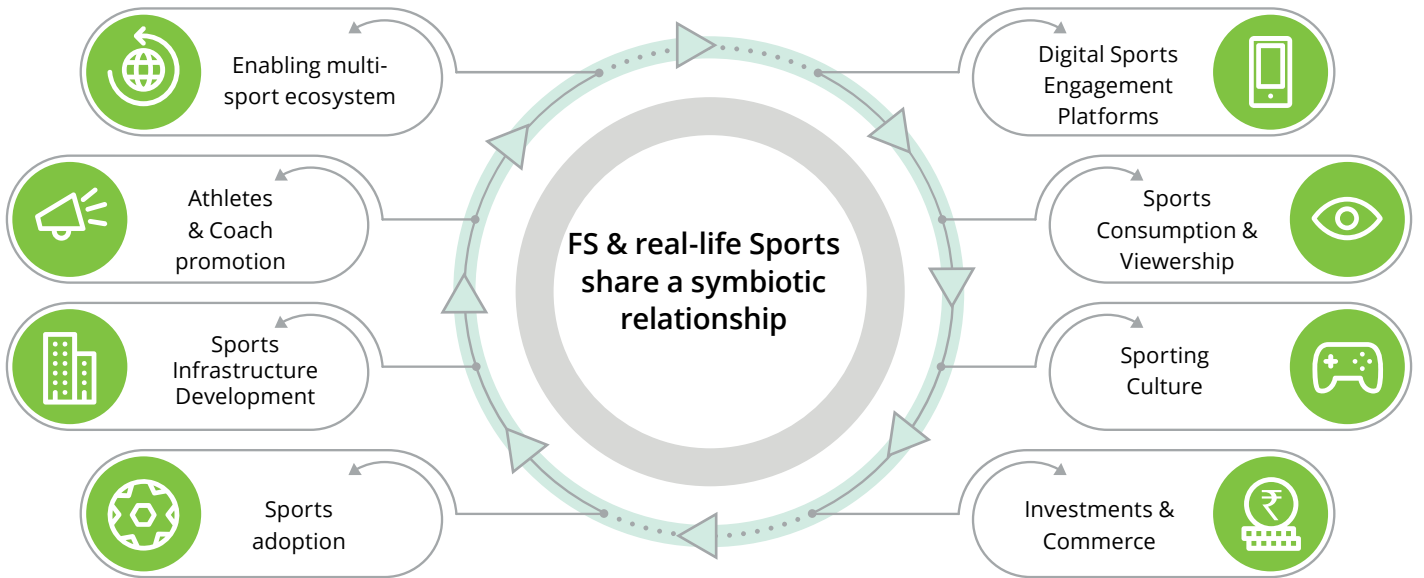
Illustration: Impact of FS across three key dimensions



The growth of the Fantasy Sport industry is intertwined with the stability and growth of the sports industry in India. Investments in the sports industry will draw more eyeballs to the game, which will in turn, enhance the

participation of sports fans on FS contests. FS operators have leveraged this symbiotic relationship to invest in the ecosystem and build the enablers required to ensure sustained user base growth.

Illustration: The virtuous cycle of sports development^[1]



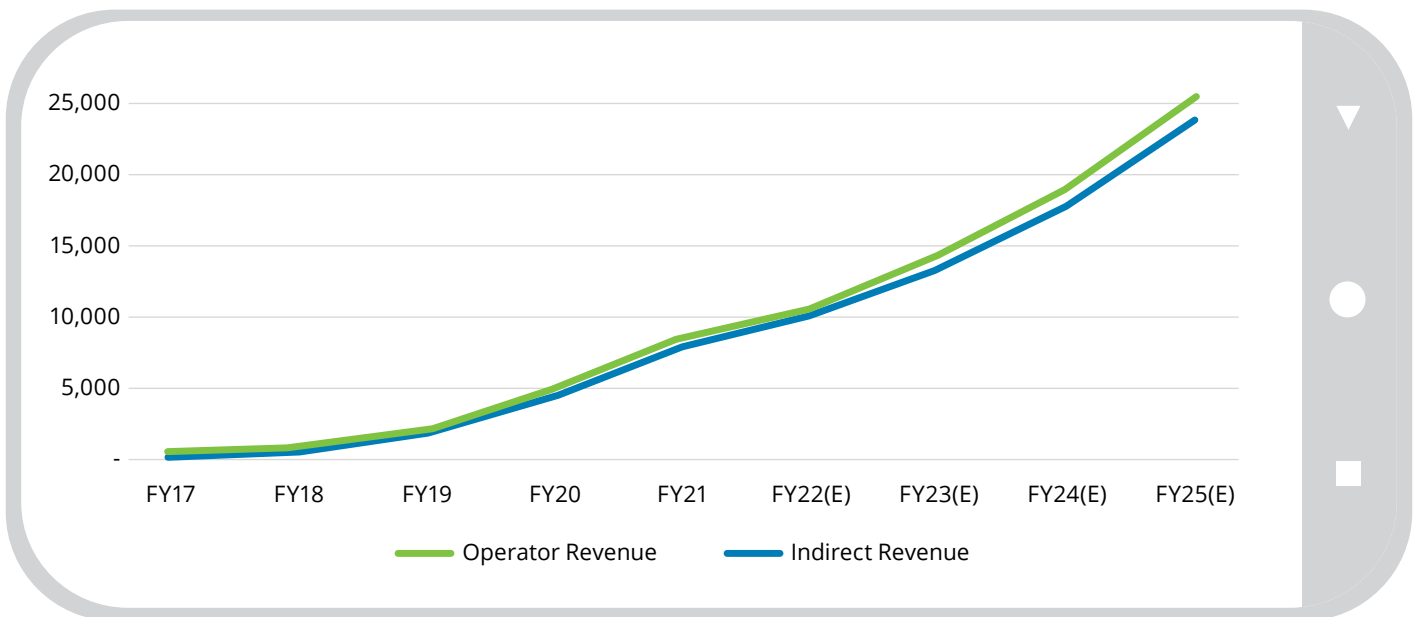
Economic Impact

The FS industry size, per FIFS, is estimated to be around INR 34,600 crore, as of FY21. The revenue generated by FSPs from CEA is in the form of a platform fee, which is generally 10-20 percent of the CEA. Therefore, on a revenue estimated at INR 5,200 crore, FSPs are estimated to have paid INR 930 crore in Goods and Services Tax (GST) and INR 260 crore in corporate taxes. On top of that, there is TDS deducted on winnings, which as per industry estimates, in FY21 was to the tune of INR 260 crore, and is expected to increase to INR 690 crore in FY22. ^[1]

In addition to the direct impact, the Fantasy Sports industry has contributed to growth in other existing businesses, including online sports scoring platforms, online

sports content aggregators, sports merchandising and e-commerce, online sports streaming, digital payments, travel and sports experience, online coaching and sports turf management, and cloud services. It is noted from FIFS' 2020 report on Fantasy Sports in India, that for FSPs to raise their output by INR 100, various associated vendors and service providers need to raise their output by INR 107 ^[23]. We can infer that the generation of INR 5,200 crore revenue, in FY21, would have created an indirect revenue of approximately INR 5,500 crore through its vendors and service providers. The total revenue attributable to FSPs (direct + indirect) is therefore, INR 10,700 crore. It may also be noted that the indirect revenue will generate its own stream of GST as well.

FS Operator and indirect revenue from projections (INR crore) ^[1]



Note: Market size and revenue projections could be materially impacted by regulatory actions that result in adverse or favourable effect on the performance of the Indian Fantasy Sports Market

As FS is a sunrise sector, it has served to attract both domestic and global investors; with over INR 10,000 crore investments in form of FDI, per FIFS estimates, ^[1] across major platforms. Such investments help bolster India's forex reserves and currency. Some key investments in the last couple of years have been tabulated below:

Illustration: FSPs attracting marquee investments ^{[24] [25] [26]}

Company name	Year of incorporation	Investors	Year of investment	Amount
Dream Sports	2008	Falcon Edge, D1 Capital, and Redbird Capital	2021	INR 9,200 Cr
		Tiger Global Management, TPG Tech Adjacencies (TTAD), ChrysCapital and Footpath Ventures	2020	INR 1,680 Cr
Mobile Premier League (MPL)	2018	Legatum Capital, Composite Capital, Moore Strategic Ventures, Play Ventures, Telstra Ventures, and Founders Circle Capital	2021	INR 1,810 Cr
		Sequoia India, Go-Ventures, and Base Partners, SIG, RTP Global, and MDI Ventures	2020	INR 675 Cr
Halaplay	2016	Nazara Technologies	2020	INR 14.6 Cr

Note:

Dream Sports numbers will be a representative of its brands, namely Dream11, Fancode & DreamSetGo

MPL numbers may be a representative of its Fantasy Sports platform and other offerings

Nazara's investment in Halaplay was to acquire Kae Capital's stake



Economic impact of FS

Direct revenue (FY21)

INR 5,200 crore^[1]

GST directly paid by FSP (FY21)

INR 930 crore^[1]

Revenue generated for secondary industries
(including payment gateways, technology providers,
media platforms, and agencies) by July 2020

INR 2,600 crore^[6]

Associated ad revenue to reach

INR 2,000 crore
over the next 3 years^[27]

Already attracted forex in the form of FDI worth **INR 10,000 crore**; Industry participants
expecting to attract **15,000 crore** over the next three years ^[1]

GST, Income tax on winnings and corporate tax paid by FS operators has grown
more than 10x over the past three years to **INR 1,450 Cr** in FY21;

This is expected to contribute significant revenue to the exchequer, with the
combined industry contribution estimated to cross

INR 16,000 Cr, cumulatively over the next two years ^[1]

Number of digital transactions
on the FS platforms:

~65 crore in 2021,
expected to be

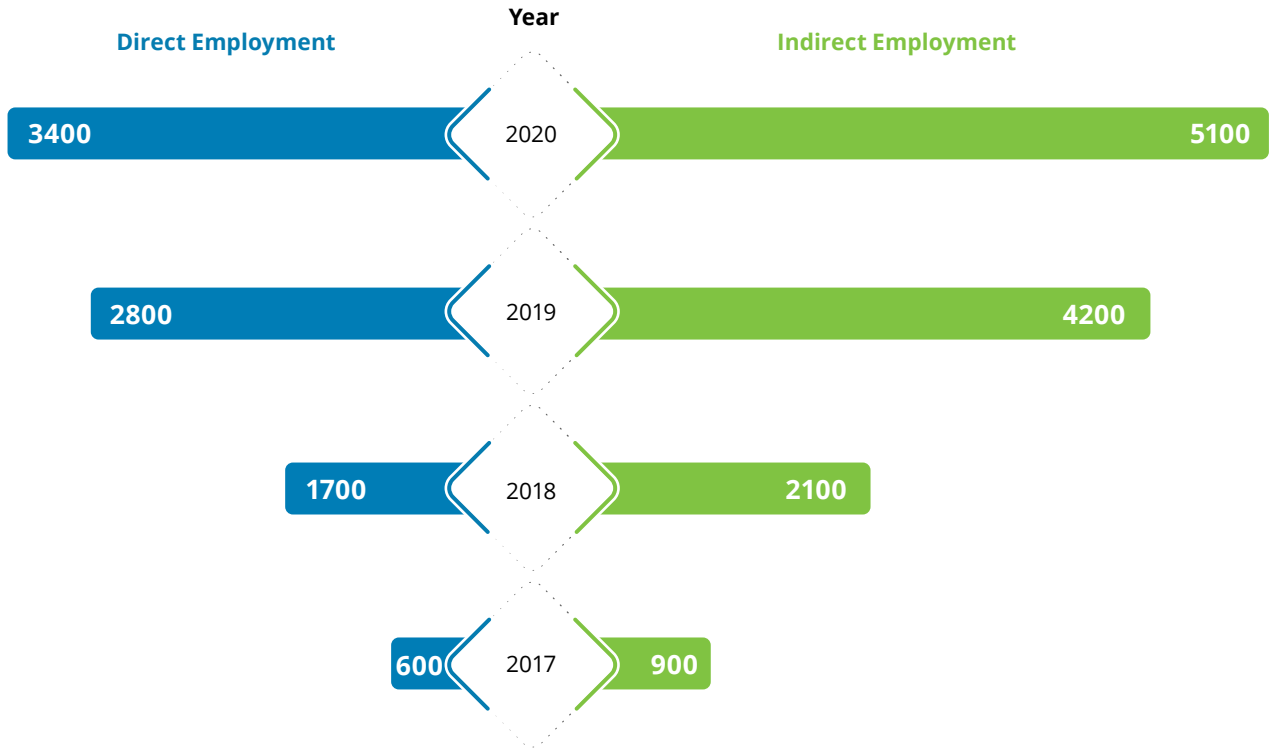
150 crore by 2023 ^[1]

Around **3,400 direct** and over **5,000 indirect jobs** created by 2020^[6] with a
potential to generate **5,000+ direct** and **7,000+ indirect jobs** by 2023 ^[1]

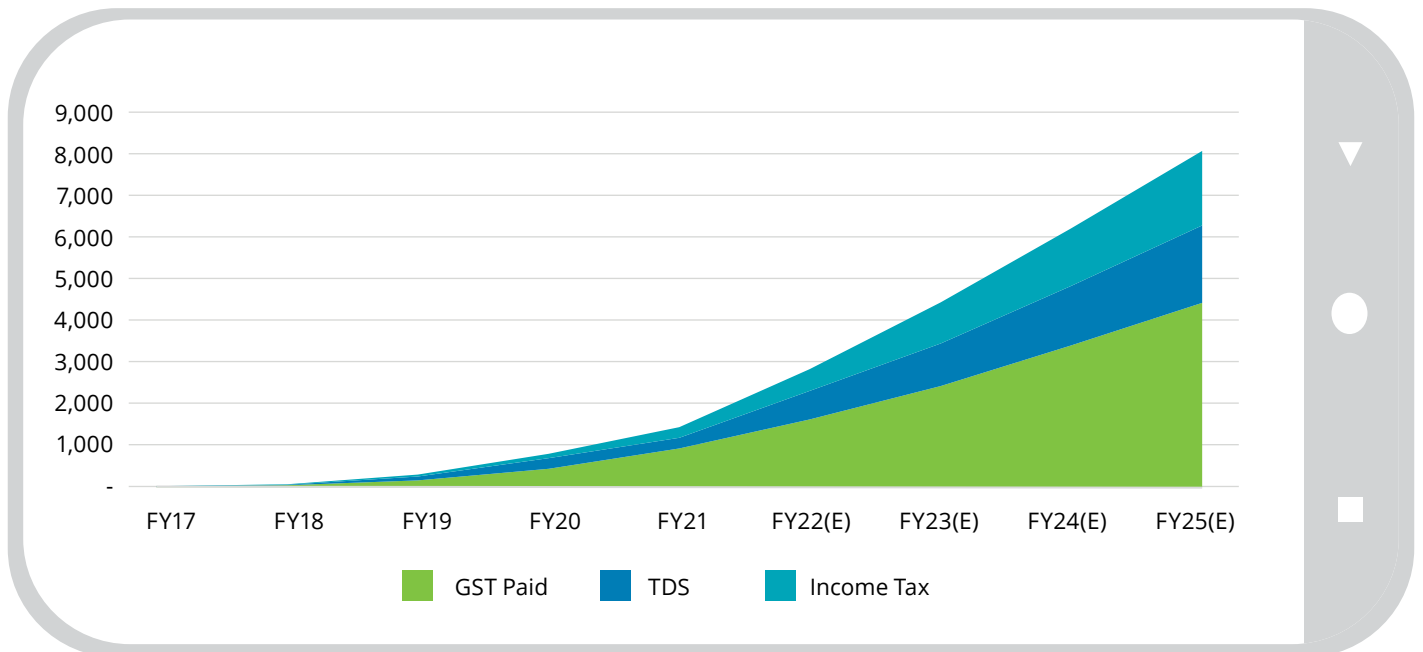
Note: Market size and revenue projections could be materially impacted by regulatory actions that
result in adverse or favourable effect on the performance of the Indian Fantasy Sports Market



FS generating employment opportunities ^[1]



Government revenue (past years and projection) from FS in the form of taxes (INR crore) ^[1]



Note: Market size and revenue projections could be materially impacted by regulatory actions that result in adverse or favourable effect on the performance of the Indian Fantasy Sports Market

Impact on core underlying sports

Grassroot Level

Sports has always been sought after in India with cricket dominating the country. As Fantasy Sports gains popularity, the Indian sports industry will witness a parallel growth. When users indulge in Fantasy Sports, it becomes imperative for them to watch the actual live matches unfold, as it allows them to make informed decisions for their virtual teams.

Fantasy Sports began with cricket as its focus sport, but overtime has expanded its offerings to include several others, such as kabaddi, basketball, and football. Subsequently, these sports witnessed a surge in their viewership owing to their growing popularity across Fantasy Sports platforms. Kabaddi has gained massive popularity since the emergence of the Pro Kabaddi

league (backed by famous celebrities). This has created opportunities for Fantasy Sports providers and built prospects for athletes at grassroot levels. Additionally, the popularity of kabaddi is set to create opportunities for athletes in the international market. A large user base, high revenues, and a high market value point to a better future for the sports industry. On the FS platforms, 50 percent user transactions have come in through tier-2 and tier-3 cities, promoting digital payment literacy and also increased engagement and involvement of the population in sports. More so, the engagement on FS platforms also results in increased sports viewership by 60 percent^[1], resulting in better appreciation and adoption of sports at grassroot levels and subsequently, marking a positive impact on the sports industry.

Creating a culture of sports

India is the world's fifth-largest economy (by GDP) with world's second-largest population. However, in terms of the number of Olympic medals won, it ranks a distant

48th, even at the recent Tokyo Olympics, where the country recorded its best-ever Olympics performance.

India's rank in select parameters (2021)

Population rank: #2

GDP rank: #6

Olympic medal count rank*: #48

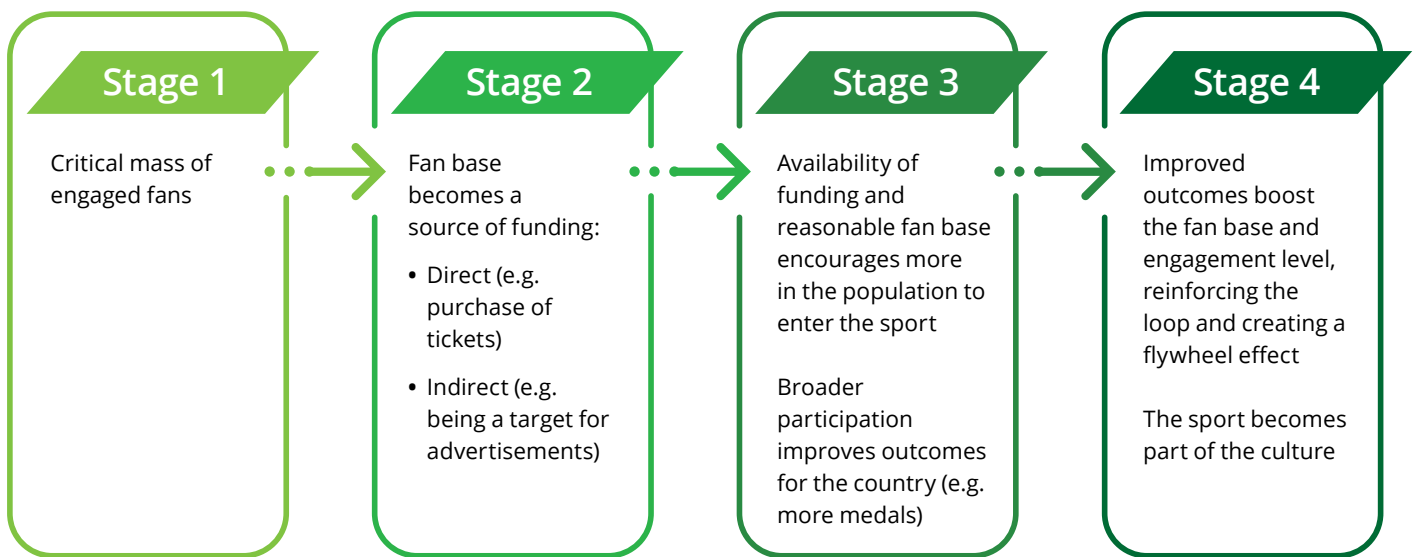
Note: *Rank in Tokyo 2020



One of the key reasons cited for India's underperformance is the lack of a culture of sports across the country. Back in 2017, Abhinav Bindra, India's only individual Olympic gold medallist at the time, stressed on the need to "aggressively" work towards creating a sporting culture in the country [28]. Several elements go into shaping a sports

culture. An important piece of the puzzle is cultivating an engaged audience/spectator/fan base. A large base of engaged fans can create the momentum for a sport and serve as a source for other building blocks required for its development.

Fan base creating momentum for a sport



Carving out an initial fan base that crosses the critical mass (Stage 1 in the illustration above) is a crucial step, beyond which, the cycle starts self-propelling. Cricket in India reached Stage 1 through the efforts of the television industry, which took the game to the masses. The self-reinforcing loop has since brought cricket to where it stands today in India.

The framework of FS is such that it creates engagement beyond passive viewing. FS rewards users who improve their skills and knowledge. The creation of a virtual team, and the links to real-world matches typically causes the user to be invested in players and the outcomes; the level of engagement is higher. The digital nature of FS also allows for better segmentation and targeting of users, making it easier to build a critical mass.

“It is my observation that we feel connected to the players and feel personally attached to them when they are a part of our Fantasy Sports team. As a result, we follow them, their performances, and injury updates. It is not only limited to the high-profile players but every player that makes it to our team. This in turn, also encourages us to watch teams and matches we otherwise might have skipped.”

A YouTuber, who runs a channel with **~400K** subscribers, analysing team/player performances to help FS users build their team strategies.

In the age of mass media, television helped achieve a remarkable outcome for cricket in India, with the country being considered a dominant force in all forms of the sport today. In today's digital and personalised age, FS

may be a tool that could achieve similar outcomes for a broader set of sports, beginning by taking each sport's fan base to a critical mass. FS may thus be explored as a means to shape a culture of sports in India.

Contributing to investments and commercial activities in sports

FSPs are part of the sports ecosystem. In addition to helping create a base of engaged fans (representing revenue potential to be tapped), FSPs have been contributing to the overall investments and commercial activities in sports. This could, amongst other things, take the form of sponsorship for a sportsperson, a team, an event, or a sporting body.

FSPs, around the globe, have been picking up sponsorship rights and exclusive branding rights, thus funding the underlying sport. In India, MyTeam11 acquired title sponsorship rights of the India Tour of West Indies 2019, My11Circle picked up a deal worth INR 15 crore as Lanka T20 Premier League's title sponsor. MPL, in addition to

being the principal sponsor for the Caribbean Premier League (CPL), became the kit sponsor for Men's, Women's and the Under-19 Indian cricket teams, and Indian Olympic Association's principal sponsor for the 2021 Tokyo Olympics. Dream11 bought the rights to the title sponsorship for IPL 2020, and also became the official fantasy football partner for the Indian Super League football series. ^{[29] [30] [31] [32] [33]}

FSPs also often fund sportspersons to act as brand ambassadors and other marketing purposes. Some marquee examples of sportspersons and celebrities in India sponsored by FSPs have been tabulated below:

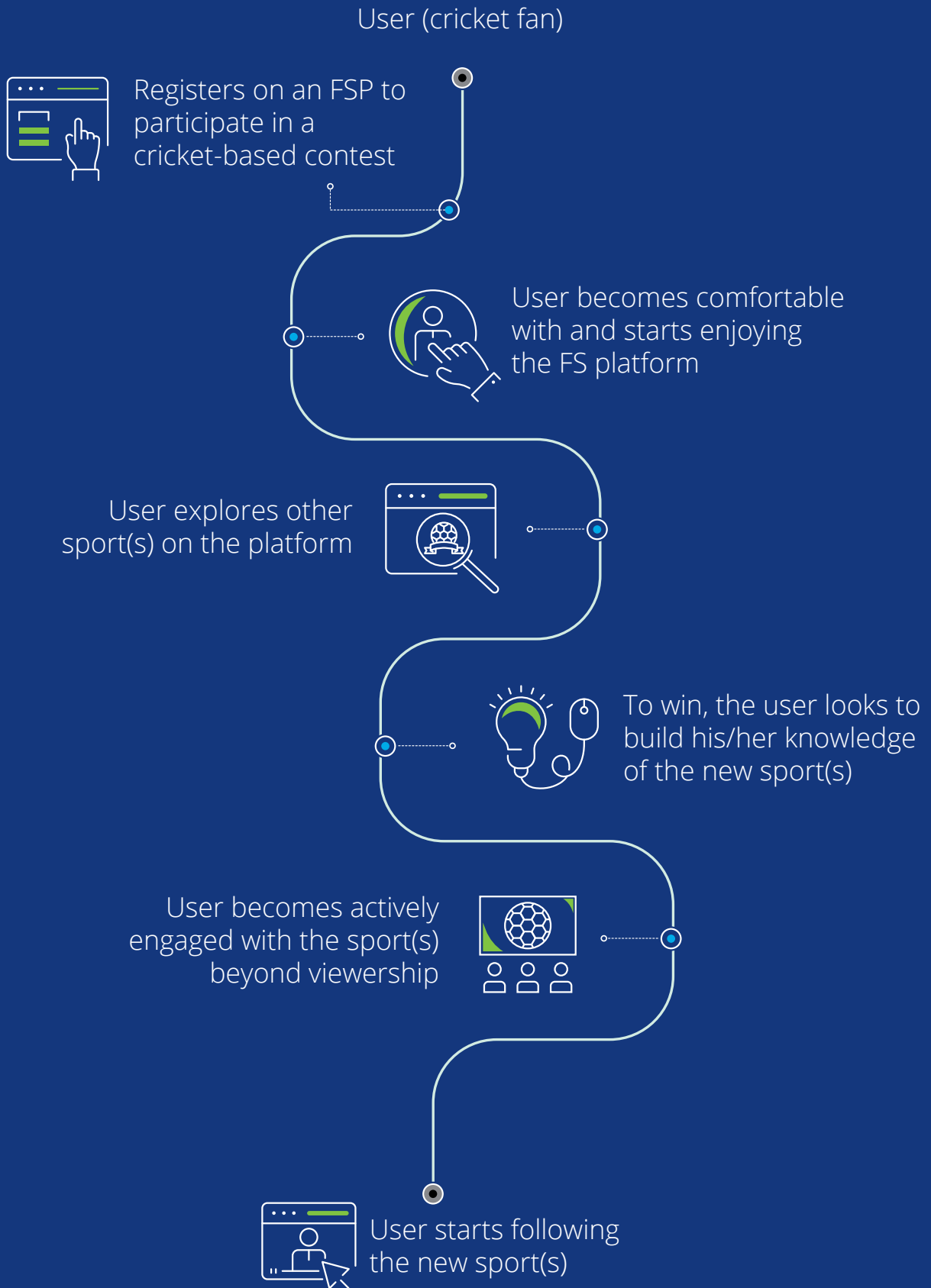
Brand Ambassador	FSP Operator
Mahendra Singh Dhoni & Jemimah Rodrigues	Dream11
Sourav Ganguly, VVS Laxman, KL Rahul, Shane Watson & Ranveer Singh	My11Circle
Virender Sehwag	MyTeam11
Virat Kohli	MPL Gaming
Sunil Chhetri	Twelfth Man
Samir Kochhar	Khelo Fantasy
Kiccha Sudeep	Namma11

Popularising Sports Beyond Cricket

Due to its dominance in the Indian psyche, cricket is often the first sport in an FSP's portfolio. Nevertheless, our discussions with industry participants reveal that most FSPs are already targeting or intend to target sports beyond cricket. The thought process is that once a user joins the FSP for cricket, (s)he is likely to explore

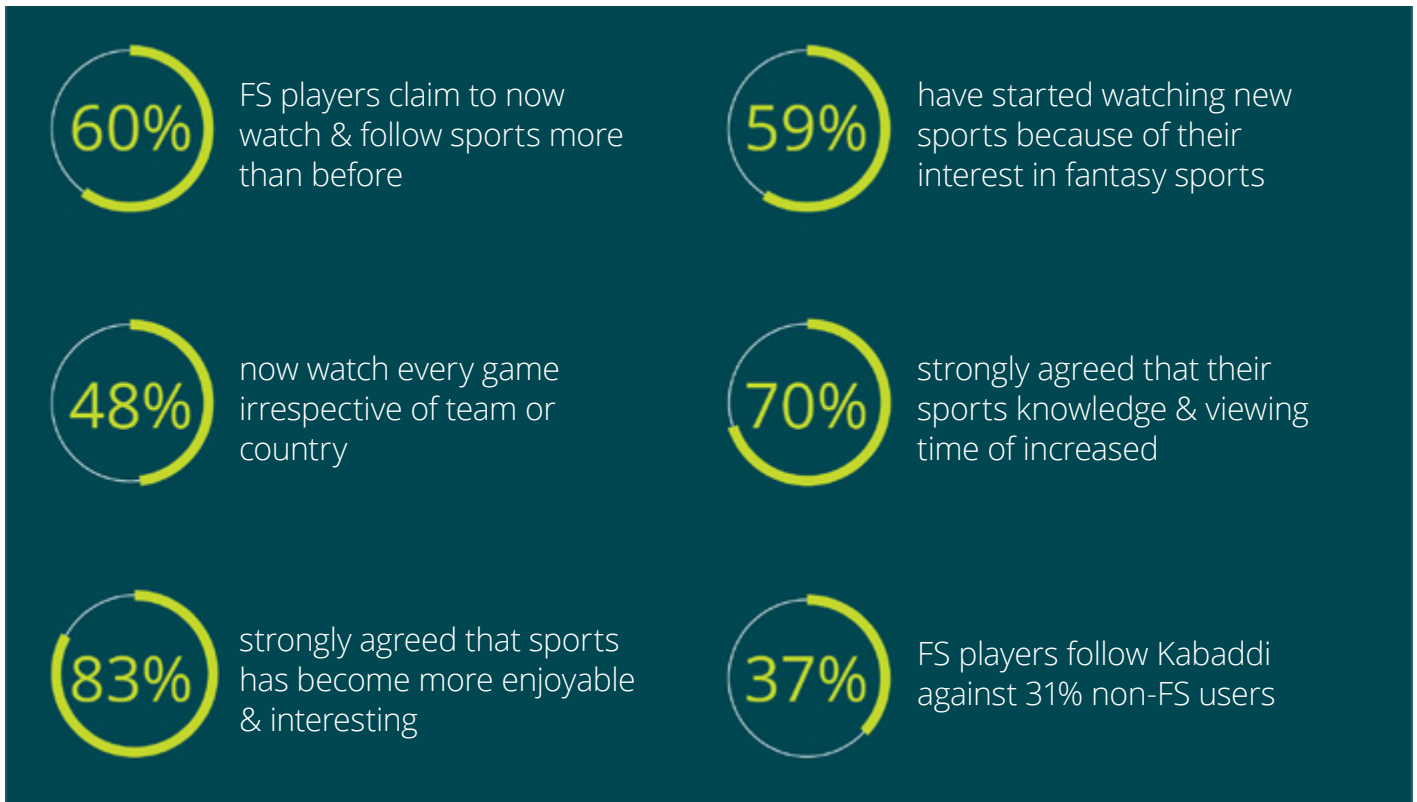
other sports offered on the platform. This is particularly true when the calendar for cricket has a gap, or when the regular schedule is affected, for instance, during COVID-19. The "chicken and egg" journey of a user who registers with an FSP for cricket and opens up to an additional sport is illustrated on the next page.

Illustration: The diversification journey of a cricket fan



Several research findings have highlighted the impact that Fantasy Sports have had on the consumption of sports. These findings are primarily based on surveys performed and have been published extensively. ^{[32][33]}

Illustration: A connected experience



Through CSR activities, FS operators are also supporting the development of sports that are in their infancy (i.e., haven't been strongly promoted) in India. Stars of Tomorrow (SOT), is a three-year programme launched by FIFS in association with the Dream Sports Foundation (erstwhile Dream11 Foundation) and GoSports Foundation in December 2018, that provides financial support and much-needed focus to aspiring athletes. The programme focuses on athletes in the age range of 14 to 21 years across a diverse set of non-mainstream sports such as sailing, squash, tennis, swimming, compound archery, sport climbing and golf. Very recently, Nethra Kumanan, a scholar of the program, became the first Indian woman sailor to qualify for the Olympics. Since the programme's inception in 2018, 14 supported athletes in this programme have won 47 gold, 31 silver, and 17 bronze across numerous sporting events. The Dream Sports Foundation pledged INR 3 crore to support this cause for three years. The grant helped fund the training, living, competition expenses, sports nutrition, coaching, sports psychology, amongst other services for the athletes.^[36] Also, the foundation's "Back on Track" initiative, launched

in August 2020, has further supported over 3,500 sports professionals (current, retired, coaches, sports support staff, and journalists) across 29 sports during the pandemic. ^[1]

MPL Sports Foundation, the community arm of Mobile Premier League (MPL), started a unique initiative to build a fan base for our athletes, called the Indian Olympic Fan Army. The army, now 10 crore+ fans, includes fans from MPL's users and supporters from top sports clubs in the country. Through this initiative, the foundation aims to engage with Indians across the country to encourage them to continue cheering for our athletes, even after the Olympics. MPL Sports foundation has been making an impact through its "Sahyog" initiative, where it has been using sports as a platform to raise funds in support of COVID-19 relief campaigns, promote India's shooting athletes, and promote Divyang Premier League, India's first franchise-based, premier league format T20 cricket tournament, dedicated to differently abled cricketers in India. ^[1]

Creating future-ready jobs

Within primary and associated industries

Fantasy Sports operators are at the forefront of sports technology and analytical businesses. The FS industry continues to explore new technologies for increased accessibility and an immersive experience for its users. Making use of AI, Dream11 employed Haptik's chatbot to handle over 80 percent of the 10 lakh+ customer support queries during IPL 2018. Halaplay has partnered with Roanuz for real-time scorecards, statistics, and Fantasy Sports management. Making use of data analytics, Dream11 also uses CleverTap's cohort analysis to categorise users and make their Fantasy Sports experience competitive. ^[37]

Being a technology-driven sector, Fantasy Sports have been generating a demand for skills as varied as product management, web, and application development, UI/ UX, ad-tech, data analytics, cloud, storage, security, and digital payments.

To supplement this, content aggregator platforms such as CricInfo, Cricbuzz and Goal.com have been creating a unique value proposition by providing meaningful insights into the players' performances. Founded in 2019,

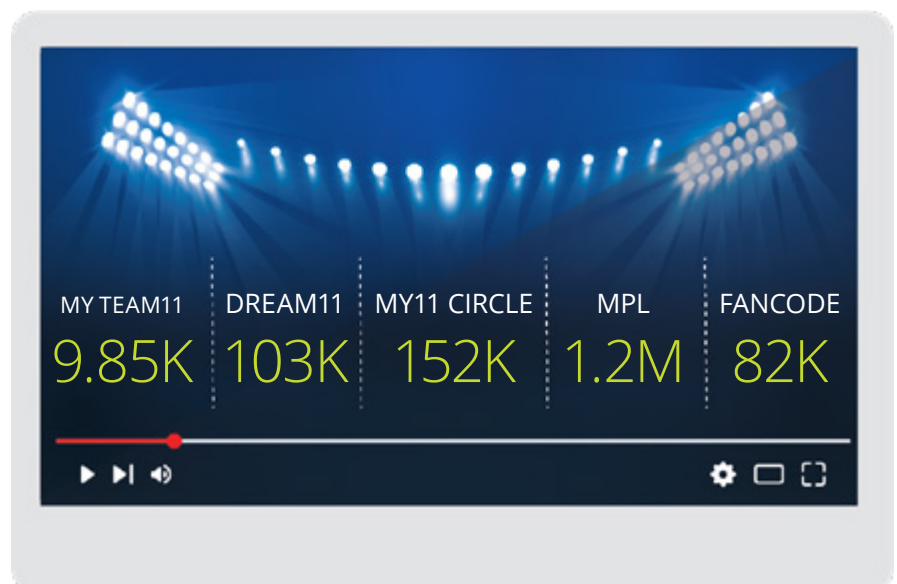
FanCode, a Dream Sports brand, is already said to have acquired close to 2 crore users by offering a blend of content, commerce, and community. It provides sports statistics and analysis, and has more than 20 experts on-board to provide insights and predictions through detailed team and player analysis. ^[38] Taking a cue from developed markets, the Indian FS ecosystem is also gearing towards a proliferation of sports analytics solutions, which may provide an edge to FS users through data-driven trade decisions. ^[39] Several sports analytics solution providers have already proliferated the FS ecosystem outside India that claim to provide an edge to FS users through data-driven decisions.

Our research suggests that the FS sector in India employs 3,000–4,000 people today. While attention often drifts to the absolute employee count, we note that a significant number of these are roles that involve future-ready skill sets. These include areas such as analytics (including AI/ML), cloud, and digital technologies. These skill sets are expected to be in high demand in the future. Growth of the FSP sector can propel the demand for such a skill-based talent pool in India.

Other ancillary industries

Beyond FS and its associated industries, there are those who derive livelihood from FS, even though they are not employed by them. Social media influencers are becoming instrumental in driving FS engagements via social media. Ranging from sports enthusiasts to just fans who enjoy the thrill of analysing matches and performances, these influencers play a significant role in the proliferation of FS. Besides creating a space for user engagement and imparting knowledge to the masses, they have found a source of income through influencer marketing. There are more than 500 applications, websites, and YouTube channels available in India that provide research, articles, community chat, and tips to FS users ^[1].

Illustration: Youtube subscribers of the top five FS platforms

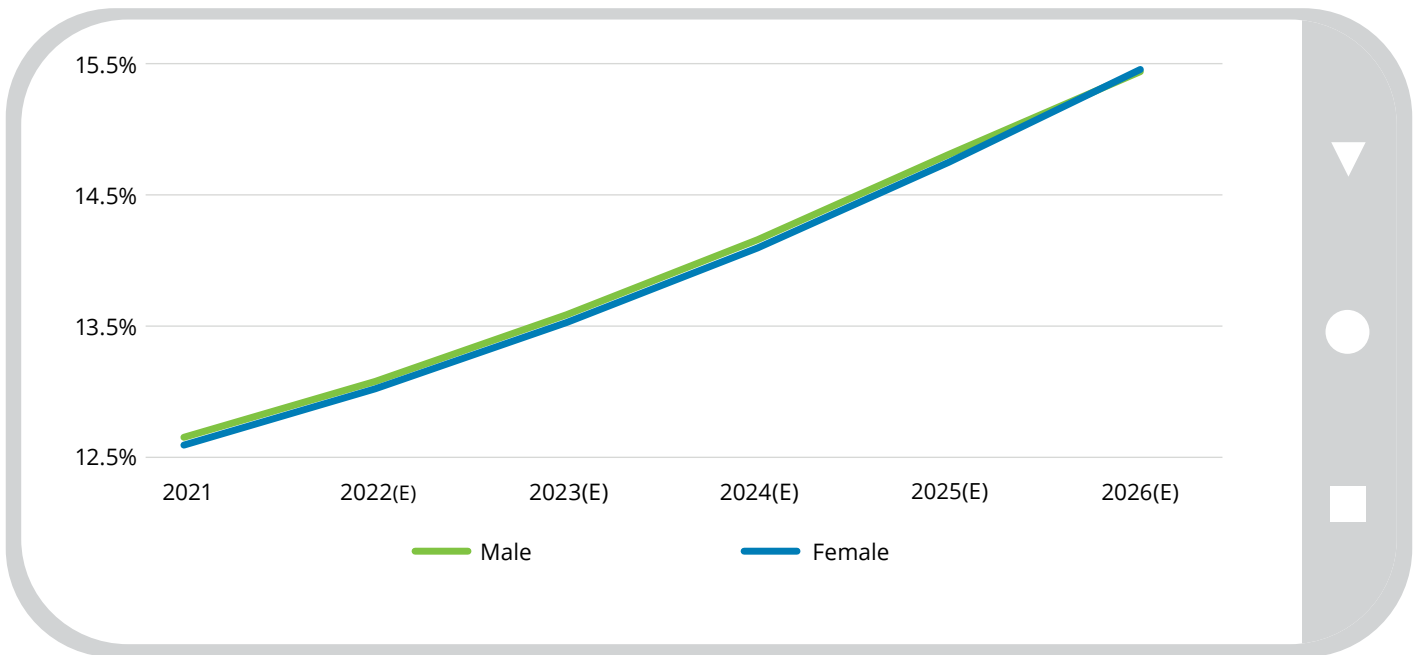




Profile of the FS Userbase

Globally, the FS userbase has been male dominated with males contributing to 67 percent of the total revenue. Furthermore, the male FS user segment is expected to grow at a CAGR of 14 percent during 2020–26^[7]. While the Fantasy Sports userbase has predominantly been male, there is a visible, promising growth of female users too.

Global Fantasy Sports market growth-rate projection by gender^[7]



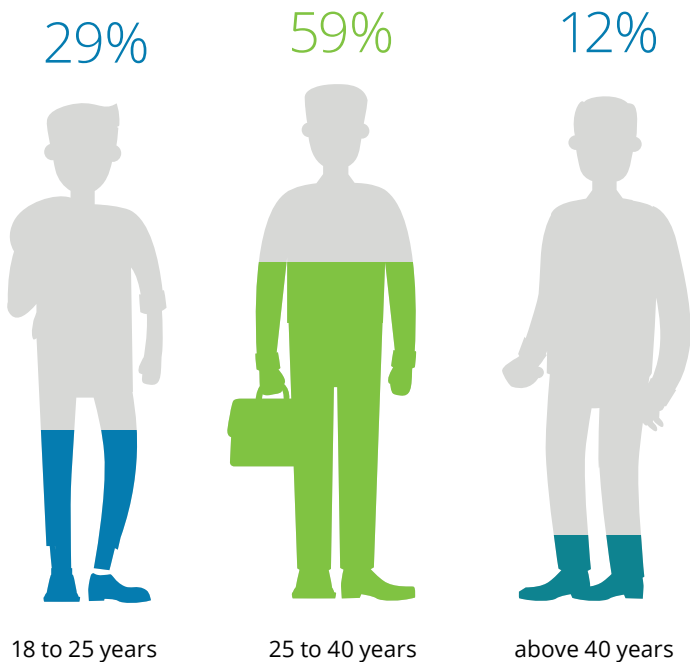
Shifts in social norms, inclusion of women in the sports industry, increased popularity of women's cricket and football, and heightened awareness of sports has seen the share of female users on FS platforms rise in recent times. Globally, the revenue from the female FS platform user segment is expected to rise at a CAGR of 13.9 percent from INR 2,200 crore in 2020 to over INR 5,200 crore by 2026 [7]. It is estimated that close to 30 percent of the registered user base for FSPs in India are female users, a number that is expected to consistently rise over the next few years.

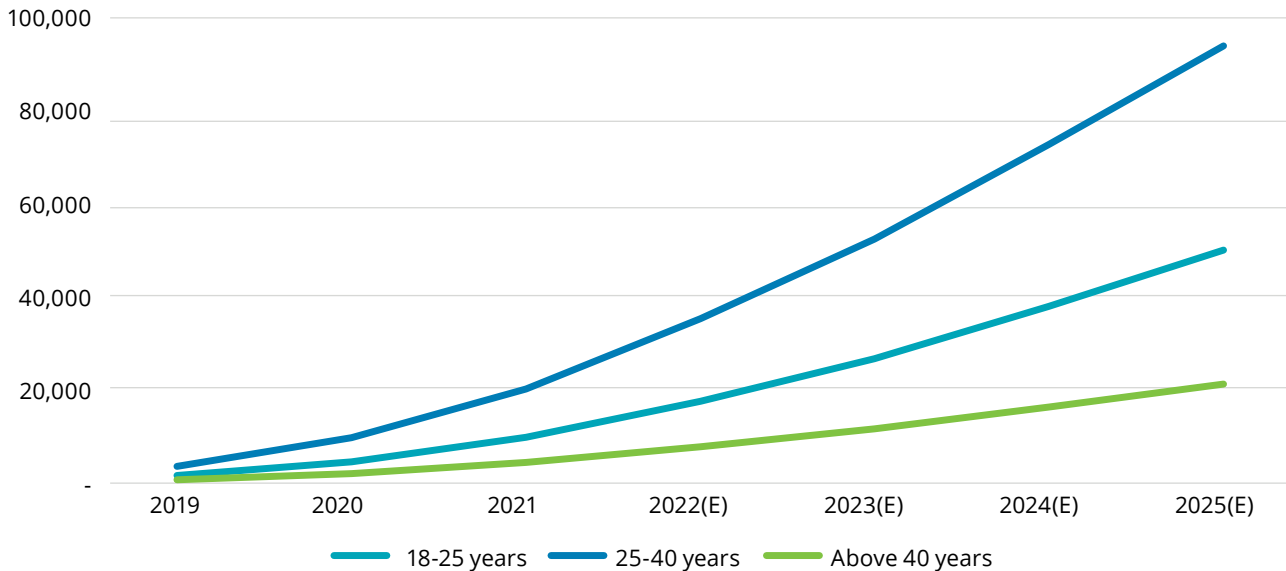
Looking at the geographic spread, Fantasy Sports appears to be a growing phenomenon across the country; however, users from the northern states have shown a marginally greater awareness and participation, while users from non-metro cities have shown higher awareness and usage trends compared with metros. [40]

Per a recent survey, of all the respondents who indicated participating in Fantasy Sports, NCCS A1,A2,A3 accounted for 95 percent, while 84 percent were working professionals, 16 percent were students, and 93 percent were graduates or more. [40]

It is estimated, that globally, the average age of the Fantasy Sport user is around 37 years [7]. In the Indian market, the most actively engaged Fantasy Sports users are in the 25-40-year age bracket [3], who are willing to enter pay-to-participate contests due to the low-entry costs per contest and with higher disposable income for entertainment. It is also a segment that is expected to remain a significant contributor to the Indian FS market, retaining over 50 percent market share for the next five years.

Indian FS market share by age demographics[3]



Indian FS market size projection by age demographics (INR crore)^[3]

Given the significant influence millennials exert currently on the Fantasy Sports revenue, it is also vital to obtain a broad understanding of the key traits of this transforming fan base.

Tech savvy and knowledgeable - The new FS user is not relying on just browsing websites and viewing the news to understand the optimum team for the next sporting contest. The user is scouring social media platforms for insights, viewing YouTube videos made by industry experts, following key Fantasy Sports pundits on social media, and delving into analytical platforms. The user does not just know the player, (s)he is aware of the weather conditions on ground, historical outcomes in the stadium, and the health of each player of the team. Their team is built on a careful understanding of multiple variables that can impact the player and the game.

Active and connected - The new FS user is not just watching the match on TV. (S)He is livestreaming the game on the device of their choice and tracking the progress of the game by the minute. The user is on social media, conversing with other Fantasy Sports users. The user does not want to know the summarised outcome of their event; (s)he wants to see the real-time alterations of their position on the contest leader-board. They want options to immediately share opinions or updates from their app to their inter-connected social media platforms. The user may be live streaming their reactions to the game to their followers and providing feedback on the event to other users.

Enabled for smarter decision making - Lack of insights or timely information is not an excuse for users anymore, rather identifying relevant information is a skill in today's age of data democratisation. Analytics and data on the past performances of the players is not a premium knowledge resource anymore to the new FS user. There are multiple websites and tools available at their disposal. The new FS user is insight driven and constantly seeks information to aid his/her judgement. Whether, it is a player's past performance, the likelihood of sustained performance, or other analytical insights, the user may be willing to invest time and money in platforms that provide supporting analytics.

No tolerance for frictional user interfaces - The penetration of smart phones and the reliability of payment platforms means that the new user is less forgiving on matters of convenience. User interfaces are expected to be intuitive, predictive, and responsive with payment being a seamless activity. The new sports user prefers the convenience of wallet transactions and UPI interfaces so that payment is quicker and less of a hindrance to the fantasy sporting action.

FSPs have been adapting their approaches to the market and customer experience expectations. Operators are exploring opportunities to work with industry bodies, traditional sports shows, OTT platforms, and digital sports destinations to build highly personalised content, community interactions, and expand user outreach. By offering live-streaming capabilities, research statistics, expert fantasy tips, and sports merchandise, they are looking to build an ecosystem that provides synergies with core service offerings.



Taking the Industry to the Next Level – Risks and Opportunities

This section discusses key risks that could derail or impede the FS sector's growth and the ways to create an enabling environment to help the sector realise its potential.

Stable regulatory framework

The legal framework for online games of skill is ambiguous and are often erroneously regulated under gambling laws. The Public Gambling Act, 1867 was enacted to govern and restrict gambling, while taking a favourable view towards games of skill from being prohibited under these Acts. Since independence, various states have adopted the Public Gambling Act and some states have enacted their own laws for gambling, as gambling and betting are state subjects under the constitution. The intent of these laws is to ban gambling or games of chance.

Under Entry 34 of List II, per the Seventh Schedule of the Constitution of India, state governments are authorised to make laws on betting and gambling.^[41] It has been settled by the Supreme Court as well as High Courts that the FS format of Fantasy Sports is a game of skill and cannot be regarded as betting/gambling. Thus, states may not have the right to prohibit or regulate Fantasy Sports under entry 34 of List II, Seventh Schedule of the Constitution of India.^[42]

Fantasy Sports platforms are IT Intermediaries regulated under entry 31 of List I of the Constitution of India. In response to a Parliament Question, the Ministry of Electronics and Information Technology stated that "Online gaming platforms are intermediaries, and they have to follow the due diligence as prescribed in the Information Technology (IT) Act, 2000 and the Rules thereunder". The platforms are currently regulated under the IT Act, 2000 and the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.^[43]

Currently, the industry is subject to varied regulations and compliance requirements across states based on their socio-economic contexts. Such an approach will ensure FSPs' adherence to differing legislations, potentially impacting their ability to operate, sustain growth, and attract investment.

The "Draft Guiding Principles of Uniform National Level Regulation of Fantasy Sports in India" released by NITI Aayog, recommends a light-touch regulatory framework along with the recognition of a single, national-level self-regulatory organisation for Fantasy Sports.^[44] The organisation would ensure that the FS formats offered are skill-predominant and adhere to the charter or principles (to be) defined by the self-regulatory organisation.

Given the widely available research into the relevance of skill in Fantasy Sports, and landmark legal judgements that have been in favour of FSPs, industry stakeholders represent that there is merit in providing a more nuanced national-level framework governing Fantasy Sports. By providing recognition to a self-regulatory organisation dedicated to Fantasy Sports, the government can provide assurance to operators, participants, regulators, and investors. At the same time, it may be noted that Fantasy Sports is an evolving sector and the technology and principles underpinning FS will mature over time. Therefore, the regulatory framework should be a light-touch governing framework, covering the core definition and principles of FS. Meanwhile, regulatory actions by various governments at the central, as well as state levels, will continue to impact the potential outlook for the sector.

Self-Regulation of the Fantasy Sports Industry

In the absence of a clear and defined unified regulatory framework, NITI Aayog in its working paper on Fantasy Sports Platforms, called for a single self-regulatory body to oversee the Fantasy Sports industry in India. Such a self-regulatory body can set and enforce all rules and standards that pertain to the conduct of its members in the industry.

By virtue of their operations, it is possible that such a body would possess sufficient knowledge and technical expertise to oversee the industry and respond quickly and effectively to technological advancements and disruptions. Such a body, officially recognised by the government as a self-regulatory body, would have the required credibility to manage relations across the operational ecosystem and engage with regulators and government agencies more effectively.

One such example is the Advertising Standards Council of India (ASCI), which is a non-government self-regulatory

voluntary organization of the advertising industry in India, committed to the cause of self-regulation in advertising, ensuring the protection of the interest of consumers and that advertisements conform to its code for self-regulation.

Another more recent development has been the directive to the entertainment industry to self-regulate their OTT platforms. To put things into motion, the Government issued guidelines called Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021 which defines a 3-tier regulatory mechanism for the OTT platforms.

As the digital space and technology for FS evolves, the regulatory framework for the digital industry will also continue to evolve. To ensure an attuned framework and prevent possible misuse of the regulations, policymakers and stakeholders should continuously engage with each other to implement an effective and balanced regulatory framework.



Formal recognition of FSPs on app distribution platforms

Government recognition, coupled with a stable governing framework, could have broader implications on the operations of Fantasy Sports operators on technological platforms.

With control of app distribution to over 95 percent of Indian digital consumers ^[45], Google Play Store is the trusted marketplace for all app downloads for much of Indian mobile users. The Play Store works as a “walled garden” where only applications that adhere to the guidelines pertaining to content and security are listed, subject to a review of the application functionality.

Google App Store lists Fantasy Sports as restricted as Google does not allow mobile apps offering pay-to-participate contests on its platform, which is permitted in only 19 countries, subject to appropriate governmental

approval and license ^[46]. This position does not accurately reflect the legal stance on Fantasy Sports per court rulings delivered in various High Courts and ratified by the Supreme Court in India.

The inability to offer an application for download directly from the Play Store may impact the reach FSPs wish to have, as certain users may be uncomfortable with bypassing traditional and secure download methods.

The app distribution platforms need to draft policies which are aligned with the Indian laws, instead of applying a global one-size-fits-all policy which does not augur well with the complex global regulatory and governance environment. A listing on widely used app distribution platforms has the potential to unlock exponential growth for the FS sector.

Perception management

FS’ growth and acceptance in India has been grounded on the love for sport and the need for fans to feel involved as well as knowing that there is a consequence and/or a reward, which brings out the competitive side in people. While the ability to compete and win prizes is meant to reward participants who have, over time, leveraged knowledge and garnered skills, the ability to win prizes should not be seen as the prime motivation for their participation on such platforms.

Recently, The Ministry of Information & Broadcasting (MIB), in-line with the guidelines issued by the Advertising Standards Council of India (ASCI), directed that FSP advertisements must carry a disclaimer warning viewers of addiction, which may further have a prohibitive effect. Research, on the other hand, indicates that the time spent on these platforms creating teams is fairly low, while other related activities such as understanding the sport, research, and watching the sport, take up a larger share of the user’s time and attention. ^[47]

A recent survey report quoted that 78 percent of its respondents stated that their primary engagement was with the real-life sporting event, and 73 percent respondents spent 30 minutes or more understanding the sport and gathering knowledge, concluding that

Fantasy Sports are not intrinsically addictive. The report also concludes that over 80 percent participants felt their interest in sports increased due to their participation in FS and they became more aware of sports such as kabaddi, hockey and handball. ^[48]

FS operators must continue focussing on improving customer engagement and fostering healthy competition between participants. This could include subtle messaging in campaigns and promotional activities, alteration in the content and web designs to ensure a suitable balance between messaging on contest outcomes and sporting event participation.

Furthermore, with the prevalence of social media, the potential for critical media stories to be amplified and damage the credibility of a company and the associated industry is high. Given the low barriers of entry, it is possible for an unregulated FSP to launch an application quickly that skirts the definition of chance and skill, resulting in lawsuits or negative publicity tarnishing the reputation of responsible and regulated operators. It is therefore critical for the industry to ensure that adherence to guidelines and regulatory frameworks are in place for all FSPs to manage industry and user perception.

Mergers and acquisitions

While the top five FSPs contribute to over 90 percent of the revenue and registered user base, the sector offers plenty of room for newer platforms to emerge and a huge potential market to tap into, and they continue to strive to gain better market opportunities.

Our discussions with industry experts reveals that the current focus, for most FSPs, is on expansion by innovation and maximising engagement, where consolidation remains a distant possibility. M&A, as a growth lever, is not very attractive right now given that

there are no synergies to be gained through acquisitions and the user base may even be largely overlapping.

As this sunrise sector matures, we might see the growth slow down, the services offerings mature, and operators look to merge or acquire for greater market shares, economies of scale, drive efficiencies through synergies, lower operational and legal costs, help build a footing in the industry or seek ecosystem benefits through partnerships and tie-ins.

Technology disruptions

The growth trajectory of FS across the world has its roots in the technological disruptions that have taken place in the mobile industry. In India, this can be traced to the affordability of smartphones, the cellular data price wars, the rise of payment gateways during demonetisation, and the availability of cloud-based technology to support the scale and surge of demand during peak sporting events. The rise of the industry has also been shaped by the ability of operators to convert real-time sport performances into actionable data.

As an industry shaped by technology, it is likely that the relationship will extend both ways with the FSP adapting to new and resilient technologies and contributing to the growth of the technology ecosystem through advances

in analytics or adoption of technologies such as payment interfaces. It is also important for FSPs to adopt and adapt technologies from the viewpoint of staying relevant in an industry, where the availability of alternative platforms is high and customer loyalty to a single platform is low. With the core mechanics of the fantasy platform remaining the same, a key differentiator could be the experience for the customer—that is where the stable and intuitive customer experience across platforms and innovative technology can help FSP operators differentiate themselves from the others. However, such differentiators can be easily replicated and therefore the operators need to constantly innovate and stay abreast with the latest technology disruptions.



Unlocking growth within the Fantasy Sport industry

Given that only a fraction of the sport following base in India currently makes up the FS registered user base (an estimated 13 crore users out of a total sports fan base of 80 crore), the larger piece of the pie remains untapped. The potential for Indian FS operators to unlock value in the Indian market by expanding user base and exposing users to underappreciated and unexplored sports, new sporting

events and potentially covering more domestic sporting leagues is significant.

With Fantasy Sports users having a deeper engagement with live sports, FS can not only allow regional leagues to reach out to a wider audience but also promote viewership.

Protecting users

FSPs have taken up initiatives to ensure that there is responsible play on their platforms, such as not allowing users below the age of 18 to take part in pay-to-participate contests, or warning users if losses exceed a defined threshold, or even preventing users from participating beyond a defined number of contests for a single match. Over time, with the influx of new users, FSPs will need to strengthen frameworks to ensure that the customer experience continues to be driven towards the positive effects of Fantasy Sports such as healthy competition, entertainment, and better engagement with the sport of choice.

In an effort to make the playing environment safe and for the users to feel heard, FIFS has established the office of Ombudsman and Ethics Officer to protect the interests of its members and their users and the industry through an oversight of integrity, governance, and systems. The FIFS Ombudsman office is established to receive, consider, investigate, or adjudicate any complaints, disputes, or issues related to the matters covered under the Terms of Reference and headed by Justice Arjan Kumar Sikri, an eminent jurist and a former Judge of the Supreme Court of India.^[49]

Managing data privacy

FSPs can both, generate and consume a significant volume of customer data over the course of its operations and it is imperative to ensure that there is the right level of security and protection afforded to sensitive customer data. Given the legal and regulatory landscape, the operators have grown cognisant and are putting reasonable checks and balances to ensure compliance.

The operators are endeavoring to ensure protection of user data shared for processing (collection, recording, alteration, use, and disclosure) or collected for a specific and lawful purpose. Users are generally informed about the purpose of their data being collected and processed, and are notified of any alterations in data collection and management policies.

Concluding Remarks

The FS industry has been recognised for its tremendous growth potential and ability to drive economic and technological growth. Apart from creating an economic impact driven by its own size and scale, the sector also attracts FDI, aiding the growth in forex reserves, and promotes other ancillary industries by creating a demand for resources.

FS being a technology-based sector helps create a demand for future-ready skills and promotes job creation indirectly in other associated sectors too. Most importantly, it plays a role disproportionate to its scale in creating and embedding a culture of sports in India. It helps bring sports fans closer to sports that have either not received sufficient attention in the past or aren't even played in our country.

FS also enables a multi-sport ecosystem, leading to an increase in sports engagements which can contribute to development of a healthy sport culture in the country. This helps draw investments in the sporting industry and promotes commerce, further leading to development of sporting infrastructure, which forms the foundation for sports development at grassroot level.

Citizen involvement and support during the Tokyo Olympics is a testament of how a country can benefit from its people waking up to a multitude of sports. From the support our athletes received to the rise of youth aspiring to take up a sport such as equestrianism, canoeing, or

fencing, exposure to a wide array of sports can help India develop into a strong sporting nation and Fantasy Sports platforms can play a significant role in catapulting us in that direction. Furthermore, Fantasy Sports and long-run tournaments can complement each other in helping sports such as women's cricket, hockey, and football, gain the necessary attention and recognition.

In the imminent future, FSPs should continue to invest in innovation and customer experience, and focus on customer acquisition, engagement, and retention by delivering a more secure, seamless, and user-centric experience.

At the same time, there is a call for a robust, unified regulatory framework, bringing an end to the ambiguity and multiplicity of regimes. Such a framework, with strong checks and balances, would usher in greater accountability and transparency, improve the ease of doing business, while also keeping operators from turning delinquent through stringent controls.

The growing popularity of the sector and its potential in terms of its contribution to the economy, generating employment opportunities, driving investment, innovation in technology, entertainment, and sports development speaks for itself. A unified regulatory framework and credible recognition is what is needed to help Fantasy Sports unlock its full potential.

Appendix

Predominance of skill in Fantasy Sports

Numerous studies have indicated over the years that Fantasy Sports gaming principles are structured around the application of skill by the user^[50] for each action performed within the game.

In Fantasy Sports, the participant is building the team based on the performance of the individual for whom data on consistency and performance across previous events is readily available. In selecting the team, the participant is applying knowledge or skill.

To answer the question of whether skill has a dominant role to play in Fantasy Sports, one may employ a data-driven approach. An MIT study suggests that there is a statistically higher win fraction for people who play a lot versus a little. In the same study, the researchers devised an algorithm that created randomly generated fantasy sports teams from the same pool of players that were available to the users and ran hundreds of thousands of games. The researchers observed that the fantasy users beat the computer-generated ones, again indicating predominant level of skill involvement. Interestingly the study was able to conclude that Fantasy Sports participation required a higher range of skill than what is needed by a mutual fund manager to manage a portfolio.^[51]

Additionally, an IIMB and Cartesian research^[52] used multiple hypothesis testing techniques to test “skill dominance” based on three years of anonymised data provided by Dream11. They found strong evidence that learning, consistency, and strategy-based usage affect the outcome in Dream11’s format of Fantasy Sports. The inferences indicated that player selection has a huge influence on achieving high scores, indicating skill dominance. Another joint academic study by Massachusetts Information Technology (MIT) and Columbia University concludes that there is overwhelming evidence that the outcomes of FS are driven by the predominance of skill.^[53]

The Honourable Supreme Court of India observed that although in a game of skill the element of chance necessarily cannot be eliminated, success depends principally upon the superior knowledge, training, attention, experience, and adroitness of the user.^[54] This is why stock market trading that operates under an appropriate regulatory environment falls within the

legal realm, as it requires diligent market analysis and the individual’s calculated risk-taking ability.

While exploring whether FS is a game of skill or chance, it is pertinent to note that judicial precedents have relied on the requirement of a substantial degree or preponderance of skill.^[18] Participants must understand weather patterns, injuries, fitness levels, current form of a player, amongst other causative factors to make a calculated decision. Thus, knowledge of the game, combined with an understanding of interactions amongst the factors mentioned above is required.

Notwithstanding the favourable court orders, FSPs have been responsible and transparent in their operations. They have proactively taken the following steps that endeavour to maintain a preponderance of skill over chance in FS outcomes:

01. The Charter and the Ombudsman of FIFS clearly sets down guidelines for the platform to be transparent in terms of transactions as only digital payments are allowed for the pay-to-play platform.^[55]
02. Team selection process is transparent, and the drafted teams are visible to users on the platforms. The credits / points are earned by the users based on the performance of the player in the actual game and as per predetermined rules.
03. Prohibiting app/ platform services to minors: Age has been restricted to 18+ years and winners can claim their wins only after they provide proof of their age through a robust KYC mechanism.
04. The contests offered are based on a complete real-world match and not dependent on any particular outcome.
05. High transparency: The self-regulated nature of the industry promotes transparency of operations and establishment of standards that discourage members from unlawful activities. Measures are taken for grievance redressal through a robust redressal mechanism through an ombudsman.
06. Responsible Play Policies: Platforms allow users to effectively manage their bankroll for playing games. Users can set daily, weekly to monthly deposit limits and transaction counts suitably. Some companies notify the users once they exceed their average spend on the platform.

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Formed in 2017, the Federation of Indian Fantasy Sports (FIFS) earlier known as the Indian Federation of Sports Gaming IFSG, India's first and only Fantasy Sports self-regulatory industry body, was established to protect consumer interest and create standardized best practices in the Fantasy Sports industry.

FIFS aims to create a thriving ecosystem for fantasy sports users and operators by creating guidelines for a common set of practices, setting standards of operation and creating a regulatory framework to protect the fantasy sports user and operator interests. FIFS works with key industry stakeholders and liaisons with the policymakers to create a robust governance structure to support the sustained growth of the industry.

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