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## **Hitman and King's cover drives to boost India's GDP**

*India is set to host the ICC-Men's World Cup, for the first time since 2011. Interestingly, India last won the World Cup in 2011, and hence expectations from sports enthusiasts are high. Not only is the World Cup expected to lift cricketing sentiments, it is also anticipated to give a boost to the domestic economy. With an event this big, assessing the economic impact is not easy and there is always the possibility of grossly overstating or understating the numbers. In this study, we have tried to analyze the same by taking both a conservative as well as an optimistic scenario. An attempt has been made to address both the direct and indirect impact through ticket sales, sponsorships, hotels, screening, deliveries etc. Based on our analysis, we estimate a boost of Rs. 18,000-Rs. 22,000 crores on gross output. Most of this will be concentrated in the services sector, with hospitality sector benefitting the most.*

### **Introduction**

The World Cup is set to begin from the 5<sup>th</sup> of October and the cricket fever has gripped the nation. India is hosting the event for the fourth time. The tournament is spread over 45 days with 48 matches between 10 teams. We estimate that at least around 25 lakh people are set to witness the sporting extravaganza at the 10 venues across the country for the 48 matches to be played, while even a larger number is expected to watch the highly anticipated tournament from their homes across the globe. Organizing a tournament of this magnitude is likely to bring in considerable economic benefits for India.

There are a number of facts which need to be considered here. The event is expected to draw people from all over the world, and hence ticket sales will be a huge source of revenues. Apart from this, the aviation and transport industry will also see an uptick. Hospitality sector comprising hotels, food industry and delivery services will also see a brisk increase in their businesses. There is also the case for sentimental purchases of merchandise. This is particularly important as the World Cup also coincides with the peak festive season in India which suggests that retail demand may see a leg-up. We have tried to ascertain the overall impact of the World Cup with certain caveats in the next section.

### **Assessing the sector-wise impact**

Our estimates for each of the sector/activity are presented in Table 1 below. We are giving both conservative as well as optimistic estimates for each of the head, based on certain assumptions.

First and foremost, ticket sales will be an important item of spending. Based on the stadium capacity and charges for each ticket, we expect the total ticket sales to the tune of Rs. 1,600-2,200 crores. This

is based on the assumption of varied attendance for each match with all India games registering 100% attendance.

Apart from this, the total viewership for the tournament (through mediums such as TV, OTT etc) is expected to be far larger than last time (552mn-Indian viewers for the 2019 World Cup-BARC data).

The sponsorship/TV rights for this grand event can account for another around Rs. 10,500-12,000 crores on a conservative basis. These include official broadcast rights for both digital and TV medium, including revenue added through the other marquee sponsors for advertisements during the course of the event. It must be noted here that while the telecast rights and sponsorships usually are for a longer period and do not necessarily pertain to a singular event, the total has been included here as we assume that World Cup will be the key trigger for these.

**Table 1: Estimates of tentative expenditure**

	Base case (Rs cr)	Optimistic Scenario (Rs cr)
Ticket Sales	1,600	2,200
TV rights/Sponsorship	10,500	12,000
Team spending	150	250
Foreign Tourists	450	600
Domestic Tourist	150	250
Gig workers/ Event Mgmt	750	1,000
Merchandise	100	200
Spectator Expense	300	500
Screenings and food delivery	4,000	5,000
<b>Total</b>	<b>18,000</b>	<b>22,000</b>

Source: Bank of Baroda Research

For the tournament, the teams will be traveling across cities along with the umpires and commentators, total expenses for this is likely to be around Rs 150-250 crores. We are assuming that each team contingent is of 25-35 members including players and other support staff (but not families). This includes the expenses pertaining to hotel stay as well.

The event will also attract foreign tourists and they will be spending on hotel, food, travel, including shopping which will add Rs. 450-600 crores, assuming there are 1,000 tourists coming for each of the match. However, we do see upside to this number and the number of 1,000 has been taken to be very conservative.

Similarly, domestic tourists (travelling to venues) will be spending Rs. 150-250 crores for interstate travel, hotels and food. Moreover, people will also be travelling in the same city to catch a game and spend on fuel cost along with expenses on food. This is estimated to be Rs. 300-500 crores.

The expenditure on event management, gig workers (volunteers) and the security expense during the entire duration of the game will add another Rs. 750-1,000 crores. The event will further trigger purchases of sports memorabilia and other merchandise items adding Rs. 100-200 crores. For

screenings of these matches at restaurants, cafes and home viewers ordering food through apps will add a sum of Rs. 4,000-5,000 crores during the entire duration of the event.

Based on this, the total expenditure during the World Cup is expected to be in the range of Rs. 18,000-22,000 crores. The grand sporting event is expected to boost the services sector with tourism and hospitality sector benefitting the most out of it. The success of hosting this mammoth event will provide a strong boost to the overall GDP for FY24.

Apart from this, the government is also likely to mop up its tax collections through ticket sales, GST on hotels, restaurants and food delivery etc. GST and tax collections during the entire event across different categories is expected to add to the government coffers which will give the government additional fiscal space.

**In conclusion:**

The last Cricket World Cup in 2019 in England was an outstanding success and contributed handsomely to UK's GDP. There is an expectation of a similar story to be repeated, this time for India. It is anticipated to be the one of the most watched sporting events, aggregating audiences from across the globe. The extravagant event through direct and indirect impact will boost the country's GDP and provide a fillip to the consumption sector.

Overall, we believe that the World Cup has the potential to boost India's GDP, more so because it coincides with the festive season. Consumption sector, particularly services consumption is likely to receive the maximum boost. Hospitality and tourism sector are likely to benefit the most.

In terms of impact on GDP, with an estimated additional output of Rs. 18,000-22,000 crores attributed to the World Cup, the impact on gross value added is estimated to be around Rs. 7,000-8,000 crores. This will be incremental GDP at the primary stage of expense.

***How about inflation?***

Services inflation will be impacted for sure as prices of airlines tickets, hotel accommodation, etc. have gone up for this period. Also, the prices charged by the informal segment in the services sector (which is not tracked in the CPI index) would show a substantial increase. However, this would be restricted to these 10 cities for the period of October and November only. As these trends are also witnessed during these months due to seasonal impact of festival season, the impact of the World Cup could be hard to separate. The upward bias in inflation on this score could be between 0.15-0.25 percent for these two months (without separating the festival spending impact).

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