

Online Fantasy Sports

Adding Value to the Indian Sporting Ecosystem

A Whitepaper by



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Preface

India has traditionally been a cricket crazy country and other sports had their own limited regional following. The emergence of Online Fantasy Sports combined with new sports leagues and formats are positively contributing to bridging this divide with a large number of sports enthusiasts now following many sports in a more engaging manner. Online Fantasy Sports is turning out to be the new sunshine industry for India and the increasing number of start-ups and investors emerging in this industry is testimony to this. India is uniquely placed to position and develop fantasy sports as the next emerging industry that will not only grow out of India to the world but can significantly contribute to the growth of sports in India.

The format of fantasy sports ensures that sports enthusiasts follow the game more keenly and this directly results in increased focus and attention towards sports. This contributes to an increased viewership & higher sports fan engagement that naturally contributes to more qualitative investments, upgradation and packaging of these sports making them more viable and remunerative to the players of that sport.

Online Fantasy Sports has been accepted and well established as a “game of skill” backed by multiple court rulings. Fantasy sports are dependent on real-life sports and have become one of the primary sources of entertainment for sports enthusiasts across age groups (24-40 years). Fantasy sports which began over 60 years ago as “fun” has today turned into a multi-billion-dollar industry and is growing rapidly.

Industry discussions and research findings have clearly established that the majority of the participants usually prefer to play in the free-to-play format. Statistics reveal that 80% of the participants play online fantasy sports for free as entertainment. The 20% of the remaining participants engage in the “pay-to-play” format of which a majority 98% have either won or lost less than INR 10,000/- net on an online fantasy platform in their lifetime (past 3 to 4 years). This reinforces the fact that fantasy sports are a competitive digital sports engagement platform and clearly not in the nature of an addiction. The average ticket size of the participation in the pay-to-play format is usually as low as INR 35/- (typically the cost of a snack).

Fantasy sports as an industry has attracted significant amounts of FDI in India. In 2018 and 2019, the industry attracted FDI of INR 1,500 cr (approx.) and has been growing exponentially. The Online Fantasy Sports industry is more “skill intensive” and “non-addictive” in nature and has provided an opportunity for newer sports to become popular and their popularity is spread today across metropolitan and non-metropolitan cities as well.

The sector is represented by Federation of Indian Fantasy Sports (FIFS), a self-regulatory body inceptioned in 2017. FIFS has a defined Charter which outlines a framework within which the industry must function. The objective of the body is to ensure that accountability of the platforms and safeguards to both the participants and platforms are adequately defined and not violated. There is a definitive need for FIFS to attain government recognition as a self-regulatory body which would further promote the industry and its growth on a holistic level.

This whitepaper aims to bring out the different aspects of Online Fantasy Sports that establish its market potential, contribution to sports, consumer insights, current legal recognition granted by courts and the need for stronger self-regulation that is necessary to help the industry grow by safeguarding interests of sports enthusiasts.



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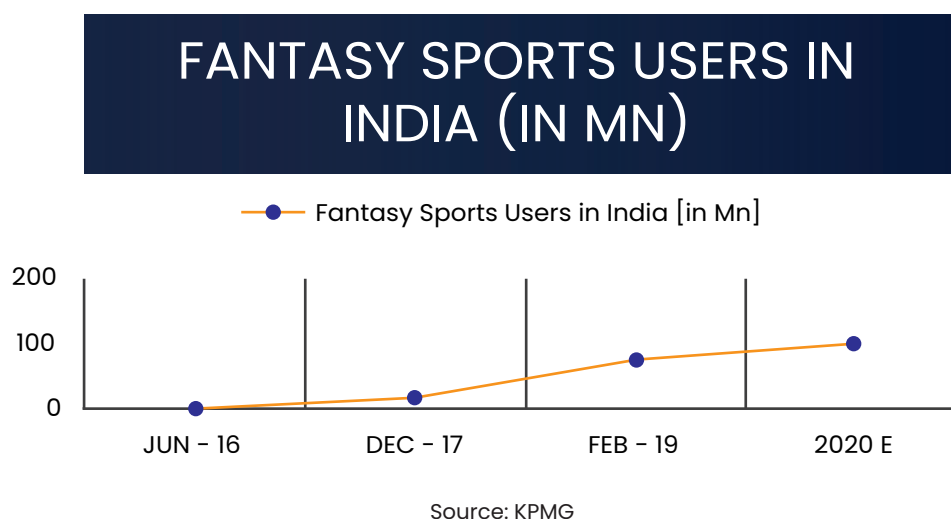
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Chapter 1: Fantasy Sports in India- An Overview

Fantasy Sports is a skill based digital entertainment platform wherein sports fans create their own fantasy sports teams made up of real-life players from upcoming matches and is widely played across cricket, football, kabaddi, basketball and other popular sports. Therefore, fantasy sports are entirely different from all forms of online games that are in the nature of e-sports, casual gaming etc. that do not need a real-life player to be actually playing a real sports match to decide the outcome for the participant.

The participants in a fantasy sports contest earn points based on the real-life performance of sports players in a real-life sports match. Hence, whether a participant has picked up the right team combination depends heavily on whether he/she has the requisite knowledge to keenly understand, follow player performances and scenarios to decide the team they would create that will perform as the winning combination. Therefore, simply put, fantasy sports are cut out for real life sports enthusiasts and offer a reasonably safe and secure platform to enjoy their sport and test their sporting knowledge & skills against fellow sports enthusiasts, while enjoying the action and feel of real-life sports performances.

India is a land of sports enthusiasts and sports fans, who follow the game and players closely and fantasy sports compliments this capability which is why it is fast gaining popularity in India- in both metropolitan and non-metropolitan cities. The fantasy sports industry has undergone a significant transformation and as per a report by Federation of Indian Fantasy Sports (FIFS), the user base for fantasy sports has grown exponentially in the last 3 years from 20 lakh users in June, 2016 to to 9 crore users in December, 2019 and this number is expected to cross 10 crores by the end of 2020. Moreover, the Online Fantasy Sports platforms have witnessed a stupendous growth in the last three-four years with operator companies such as Dream11, MyTeam11, My11 Circle, Fancy11, Fanfight, Faboom, CricPlay, Fanmojo, 11Wickets etc.



According to KPMG, the Indian online gaming industry revenue is already worth USD 43.8 Billion and is said to reach USD 118.8 Billion by FY23 with a growth rate of CAGR 22.1%. Indian fantasy sports industry, however, is growing at a CAGR rate of 32% and its worth is expected to be USD 3.7 Billion by the year end 2024. The rapid growth in the uptake of fantasy sports spells out the sector's immense potential for India, both from an investment and revenue perspective as well as job opportunities and contribution to sports enthusiasm that can turn around many sports in India that need attention. The format of fantasy sports ensures that sports enthusiasts follow the game more keenly and this directly results in increased focus and attention towards sports. This contributes to an increased viewership & higher audience participation that naturally contributes to more qualitative investments, upgradation and packaging of these sports making them more viable and remunerative to the players of that sport.



Owing to a growing market for fantasy sports, sports enthusiasts are more than ever hooked onto keenly following sports-beyond cricket, like football, kabaddi, hockey, volleyball, basketball, baseball etc. Since sports enthusiasts who were already hooked on cricket now want to test their knowledge against fellow participants in other sports as well, they closely follow these sports which is resulting in increased viewership that was otherwise much lower than cricket. This shift is working well positively in the interest of all real-life sports that needed attention and helping the nation become more sports focused.

It is explicit that fantasy sports are not like any other form of online gaming. The very fact that it is dependent on actualities, seasonality and availability of real-time sports matches makes it a non-addictive form of play which sets it distinctly apart from other forms that are perceived to be in the nature of gambling and/or betting. The true test for fantasy sports was COVID-19 that resulted in stoppage of sporting activities around the globe. While all other types of operators in the online gaming industry thrived due to people playing from homes due to lockdowns, the fantasy sports industry actually suffered as no actual sport was happening around in India and the world; due to which sports enthusiasts could not create their fantasy sports teams, engage with the fantasy sports platforms and test their skills.

Online Fantasy Sports have emerged in India as a healthy and meaningful option of engagement for sports enthusiasts that is not only sportingly enriching but also entertaining and gainful. This sector has attracted the attention of global investors to India and has a huge potential to contribute to growth and drive the start-up story in this space from India. Indian companies can become world leaders in future as sports is an all-embracing phenomenon with fans existing all over the world.

Online Fantasy Sports as a sector has been also widely debated on being a game of chance rather than a game of skill even though it is so clearly a skill-based format that is played by sports enthusiasts. There are multiple High Court rulings that recognize the legitimacy of Online Fantasy Sports subject to them being played in certain specified formats. The fundamental petition challenging the views of the Bombay HC regarding Dream11 being a game of skill was dismissed outright by the Hon'ble Supreme Court and one of the standing orders while discussing the matter of GST has clearly instructed that tax matters need to be argued on merits and not on contentions related to legality of fantasy sports.

The Federation of Indian Fantasy Sports (FIFS), a self-regulatory industry body, based on the High Court rulings- has formulated the FIFS Charter that outlines the best practices and standards to be followed by the industry in order to be legally compliant. The fundamental principle of the FIFS Charter is to ensure that its signatories strictly adhere to the Charter and do not engage in any non-compliant activities on their respective platforms thereby safeguarding consumer interest and ensuring that fantasy sports predominantly remain a game of skill.

Growth Potential of Indian Fantasy Sports Industry

India is uniquely placed to position and develop this industry as the next emerging industry that will not only grow out of India to the world but can significantly contribute to the growth of sports in India. With a fast emerging "Digital India" and increasing internet penetration backed by smartphones, the rise of league-based sports and online viewership, fantasy sports are picking up well in India. While cricket continues to dominate the sports arena in India, the emerging generation is fast developing interest in other sports such as hockey, kabaddi, football, basketball, volleyball, baseball, etc. which can be credited partly to fantasy sports which has resulted in bringing together many large brands and celebrities as well.





India is beginning to see a significant increase in Online Fantasy Sports and creating employment for many, in the field of sports and allied services. The Online Fantasy Sports business has contributed to other existing businesses that include online sports scoring platforms, online sports content aggregators, sports merchandising and e-commerce, online sports streaming, digital payments, travel & sports experience, online coaching & sports turf management, cloud services, etc. Several large brands are looking towards Online Fantasy Sports as a medium to market and promote their products and the engagements include advertising space, hubs for analysts and members, etc.

The Indian fantasy sports market has shown phenomenal growth. According to the FIFS-KPMG 2020 report, OFS operators' gross revenues stood at INR 2,400+ crore for the FY20 as compared to INR 920+ crore in FY19; an increase of almost 3X over a period of 12 months. As the market has grown, so has the adoption of the platforms by sports fans. A report by Kantar & FIFS survey mentions that 59% of the users have started watching new sports because of their interest and inclination towards fantasy sports, while 48% of fantasy sports users now watch almost every sport, irrespective of team or country; cricket followed by football and kabaddi, are the most popular sports amongst fantasy sports users.

Online Fantasy Sports have come a long way since it witnessed an upsurge in 2016. Increased users in 2019 have been proof of the rapid adoption and its increasing contribution to the Indian economy. Format of Online Fantasy Sports similar to the one approved by the Indian courts are being recognized as a game of skill and can become a benchmark for the industry and policymakers to follow.

Amongst other reasons, sports leagues and their innovation has given a further push for sports fans to engage on such platforms. Some of the most prominent leagues in India have been listed below:

Table 1: Famous Sports Leagues in India

Year of Incorporation	Sport	League
2008	Cricket	Indian Premier League
2013	Hockey	Hockey India League
2014	Football	Indian Super League
2014	Kabaddi	Pro Kabaddi League
2019	Volleyball	Pro Volleyball League

Source: FIFS Report

The most famous league continues to be the hugely popular Indian Premier League (IPL). Sponsorships, international and national level players, celebrity endorsements makes it one of the most sought-after leagues in the world. IPL gave a platform for other sports to realise the various avenues that can be explored to maximize fan base and intensify revenue generation. Online Fantasy Sports operators ensure that various leagues are available on a platform so that the interests of different customers are catered to. This has other than catering to a particular kind of audience further led to awareness about and acceptance towards other sports. While the most played Online Fantasy Sport may be cricket, being present on a platform that provides hockey and volleyball as sports are bound to gain some popularity.



The top few players in the industry account for most of the user base. However, the competition is increasing and has led to the creation of some significant Online Fantasy Sports platforms and operators. Some of the most prominent platforms in the space are as follows:

Table 2: Market Landscape of fantasy sports in India

OFS Platform	Available sports	Model of engagement
Dream11	Cricket, Kabaddi, NBA, Football, Hockey, Baseball, Handball	Freemium
MyTeam11	Cricket, Football, Kabaddi, Volleyball	Freemium
Halaplay	Cricket, Football, Kabaddi	Paid
11 Wickets	Cricket, Football	Freemium
My11 Circle	Cricket, Football	Freemium

Source: IFSG-KPMG report, 2019

Furthermore, the Online Fantasy Sports platforms have successfully attracted considerable foreign investment in India. FDI in the sector has not only given a substantial fillip to the sector but has also given a boost to the economy. As per the FIFS report, between the years 2018 and 2019 the inflow of FDI has been to the tune of INR 1,500 crores approximately.

Other than investments, these fantasy sports platforms have resulted in growth in digital transactions, which has been a long-standing objective of the “Digital India” campaign, driven by the Government of India. According to industry reports, an increasing number of transactions on such platforms were carried through RuPay and UPI. The trends have been similar even in tier 2 and tier 3 cities. Moreover, both the direct and indirect earnings through these platforms are subject to various taxes (GST, TDS on winnings and employee salaries, corporate taxes) as per Indian laws and regulations which translates into revenue generation for the Government.

Industry estimates indicate that Online Fantasy Sports platforms and operators cumulatively paid GST to the tune of INR 166 cr (approx.) in FY 2019 which increased to INR 445 cr (approx.) by FY 2020. Additionally, Online Fantasy Platforms and operators deduct applicable TDS on winnings, before disbursing the amounts to the winners. As per industry estimates, the TDS on winnings in FY 2019 was to the tune of INR 93 cr, which increased to INR 250 cr by FY 2020. The sector has further contributed to the economy by generating employment opportunities. Industry discussions have indicated employment of 2,800 individuals on the payrolls of the Online Fantasy Sports platforms in the FY 2019. The industry reported an increase of employment numbers to rise to 3,400 employees in FY 2020. Furthermore, the income tax outlay due to direct employment by Online Fantasy Platforms and operators in FY 2019 amounted to INR 43 cr, which doubled to INR 81 cr by FY 2020.

Technology solution providers, marketing agencies, and other ancillary markets have benefited from the industry through a multiplier effect. Indirect employment in ancillary industries is also on the rise, expected to jump from 4,200 in FY 2019 to over 5,000 by FY 2020. Overall, the sector is emerging as a significant contributor to the Indian economy and with the right-hand holding policy support and self-governed mechanisms in place, this industry has the true potential to become the next sizeable sector that will help startups from India in this space emerge and take on the world market.



Online Fantasy Sports- A Game of Skill

India is uniquely placed to position and develop this industry as the next emerging industry that will not only grow out of India to the world but can significantly contribute to the growth of sports in India. With a fast emerging “Digital India” and increasing internet penetration backed by smartphones, the rise of league-based sports and online viewership, fantasy sports are picking up well in India. While cricket continues to dominate the sports arena in India, the emerging generation is fast developing interest in other sports such as hockey, kabaddi, football, basketball, volleyball, baseball, etc. which can be credited partly to fantasy sports which has resulted in bringing together many large brands and celebrities as well.

The biggest debate that happens today among people including governments and policy makers is that if anything is online and virtual in nature and involves a small fee or money then does it qualify as a game of chance or a game of skill. Unfortunately, despite legal clarity that exists on the format and all FIFS members offering only the format approved by the court which is predominantly a game of skill, this debate continues.

The central question is to be able to understand the concepts of game of skill and game of chance. Let us delve into this aspect clearly as it has a huge bearing on legitimacy. In a traditional understanding way, a game of chance is one in which outcome is strongly influenced by application of some instrument which can include but is not limited to dices, spinning wheels, picking cards, numbered chits drawn from a bowl etc. In modern times, apart from of course these traditional forms, there are many other games that may seem to involve the need for some degree of skill such as knowledge of the game or past occurrences but the rest of it is mostly chance. Even certain games like gambling etc. may claim to apply certain skill aspects such as psychology, mathematical probability, camouflaging expressions and so on to call themselves a game of skill. However, so long as the chance factor remains in abundance, these cannot be termed as games of skill. Hence, in certain jurisdictions they may be considered illegal while in others they often sit in the grey zone.

On the other hand, a game of skill is one where the outcome is determined mainly by physical or a mental skill where chance has a very miniscule to non-existent role. A game of skill is therefore one where a player needs to constantly learn, practice and refine skills to be able to perform in a game. The Supreme Court of India has noted that games of skill would be where “success depends principally upon the superior knowledge, training, attention, experience and adroitness of the player.” It is also noted by the Supreme Court that a game of skill will have a predominance of skill factor.

In order to understand the most critical factor on which the debate of skill versus chance is based, IIM Bangalore conducted a research whose objective was to establish the dominance of skill and knowledge with regards to a sport for it to be distinctly qualified as a game of skill. The research has derived strong evidence that learning, consistency and strategy-based usage affect the outcome in fantasy sports formats similar to those that are practiced by the likes of Dream11. The player selection had a significant influence on achieving high scores, therefore establishing the fact that fantasy sports formats are predominantly dependent on skill.

Additionally, a Massachusetts Information Technology (MIT) and Columbia study titled “Is It Luck or Skill: Establishing Role of Skill in Mutual Fund Management and Fantasy Sports”, analysed the data obtained from two fantasy sports platforms: Dream11 for Cricket and FanDuel for Basketball. In both the cases, the study concludes that there is overwhelming evidence that the outcomes are driven by the predominance of skill. A further analysis of the Dream11 data, in the study, where individual player performances were tested revealed a predominance of skill in the dataset, where there is a direct and positive correlation between player performance and the number of contests played.



A deep and clear understanding of the rules of the game and non-dependency on probability sets games of skill aside from game of chance. However, due to confusion that exists in a few jurisdictions, the legality of game of skill and game of chance is dependent on them. While some states may allow pay-to-play in case of a game of skill, they may forbid pay-to-play in case of game of chance. There is a vast difference in the regulatory outlooks towards both the game of skill and game of chance. However, recent case laws have established fantasy sports as a game of skill as compared to illegal activities such as sports betting which are purely games of chance.

Predominance of Skill in Fantasy Sports

Player performance analysis towards selection of a team is the basic requirement in fantasy sports. The results are a combination of performances of multiple players and not an individual player which reduces the likelihood of luck as a metric to measure success. Thus, a clear understanding of the game, its rules, players and an assessment of their past performances becomes central while participating in fantasy sports. There are arguments which state that there is a certain degree and element of luck involved in fantasy sports due to the dependence on real-life players, it is certainly not the deciding factor for success or failure of a team. It is pertinent to note here that all sports do have a certain degree of chance. A chess game, which in all likelihood is considered a predominant game of skill, also has chance involved in the form of first mover advantage.

Research has well-established Online Fantasy Sports as a game of skill where a player needs to constantly learn, practice and refine skills to be able to perform in a contest.

Given all these considerations, Online Fantasy Sports are a predominantly skill-based game. Moreover, the environment in which such a game is initiated is very intrinsic to the format of the game which makes it inclined towards skill rather than chance. For instance, there is a restriction on the number of players that can be on a team, all players on a fantasy sports team cannot be selected from the same real-life sports team, the fantasy sports contest needs to be in continuation for at least the duration of the real-life match, there is also an upper limit to the spends on selecting the team, team structures cannot change once the match begins. All these factors put together contribute predominance of skill in fantasy sports.

Legal recognition to Fantasy Sports: Important Court Rulings

Online Fantasy Sports are legal in India and are categorized under "game of skill" as they require elements of understanding, judgment, expertise, knowledge and strategy of the game being played. The states of Assam, Orissa, and Telangana are exceptions as their respective state laws do not allow its citizens to indulge in any games, skill or chance or a mix of chance and skill involving real money. It will be pertinent here to note that even in an Online Fantasy Sport whether it should be considered as a game of skill or game of chance is fully dependent in the manner in which it is being offered. The question of whether fantasy sports is a game of skill was put to test before the Punjab and Haryana High Court in Varun Gumber v. Union Territory of Chandigarh and later before the Bombay High Court in Gurdeep Singh Sachar v. Union of India. In both the judgements it was upheld that the specific model of fantasy sports as offered by Dream11 was the basis for ruling it in favour of 'game of skill'.

Further, Special leave petitions filed against the above ruling were also dismissed by the Hon'ble Supreme Court of India. In one of such dismissals, the Hon'ble Supreme Court, in its standing order has ruled fantasy sports do not fall under the ambit of gambling. A similar petition in the Rajasthan High Court in 'Chandresh Sankhla vs. State of Rajasthan and others' was quashed citing lack of merit to determine Online Fantasy Sports as equivalent to betting and/or gambling. The legality granted to such formats in the court of law has led to a greater level of adoption and a push for other businesses to venture in the area.



The decision of the Bombay HC was challenged in the Hon'ble Supreme Court in 2019. The fundamental petition challenging the position of the Bombay HC on the Dream11 format being a game of skill was dismissed by the SC. Separately in an order combining the appeals by Government of India, the SC permitted to apply on the Bombay HC for a specific review of the applicability of GST to Dream11's operations and stayed the orders of the Bombay HC and issued notices to all the parties for hearing their contentions afresh on this issue.

This distinction on the format of Online Fantasy Sports to be followed is a critical one to understand from an Indian context, that if one follows a similar model as laid down in the judgment, as was followed by the company in question, such formats would only then be considered legal. Games which do not follow these models unless cleared by law may therefore run the risk of falling under gambling and can face restrictions under various state gambling laws. So long as Online Fantasy Sports operators are able to demonstrate that their games involve a considerable and substantial degree of skill > 50%, they can be considered as a 'game of skill'. In the above cases it was emphasised that:

1. Players should choose team members from real-life sports and the number of such participants have to be the same as they are required to be in a real-life sport; for instance, if cricket requires a team of 11 then the player has to choose 11 members to complete its team;
2. The members on a team have to be a mix of members of both real-life teams;
3. The contests are run for at least the duration of the real-time match;
4. Team member changes are not allowed once the real match begins.

These parameters were used to adjudge the Dream11 format of fantasy sports as a game of skill thereby granting it a legitimate status of a business activity protected under Article 19(1)(g) of the Constitution of India. The Federation of Indian Fantasy Sports (FIFS) was created as a self-regulatory body in 2017 with the aim of not only protecting consumer interest but also pushing for a standardised set of best practices in the fantasy sports industry. The industry which had just 10 players in 2016 has almost 150 operators today. While FIFS strives to ensure that fantasy sports remain a game of skill, operators who are not members of FIFS are not bound by the code of conduct and charter and this can be a matter of concern as non-members may be in the grey zone or be completely ignorant.

It is also important that while Online Fantasy Sports rely on real players and real games, such sporting events that get covered should also have legitimacy in the form of being conducted by legally recognised sports bodies and formats. One cannot be maligning this by conducting unrecognised games and leagues and sporting events anywhere and claim to be conducting fantasy sports in the real world.

Therefore, it is important that operators must be bound by the Charter which is built on a legally recognised model else they should not be considered as fantasy sports and must be named and spelt out. It is also important to maintain a registry of such legally compliant operators in consumer interest.





Chapter 2: Understanding the Fantasy Sports Consumers

Indian sports fans have found an engaging way to connect with sports in the past few years. The emergence and growth of fantasy sports has brightened a sports fan's life. The consumer interest has witnessed a gargantuan growth in the recent years. The fantasy sports platforms feature a vast number of sports and bring matches from across the globe to the Indian sports fans. This has made the uptake even higher. The Indian sports fan engages deeply with global sporting events while sitting in the comfort of his/her home. The most active set of fantasy sports users lie in the age group of 25 to 40 years of age. They play on these platforms as a means of deep engagement with sports they love and treat fantasy sports as a means of online entertainment. Industry discussions have also revealed that the user split between 'Metro, Tier 1' and 'Tier 2 and below' cities is almost equal. This indicates the Online Fantasy Sports platforms have penetrated their reach beyond metropolitan cities in India. Recent court rulings around Online Fantasy Sports have showcased increased confidence from consumers in fantasy sports and erased any ambiguity they may have once had.

As per the FIFS-Kantar report, 60% of the users confirmed an increase in the time spent on watching sports because of their participation in Online Fantasy Sports. Growth in varied sports leagues and formats have played a critical role in engaging participants on an ongoing basis. Fantasy Sports platforms offer both free to play and pay-to-play formats to users. As per industry data, approximately 80% of the active users are playing Online Fantasy Sports for free. Of the balance 20% engaging in a pay-to-play format, the ticket sizes are sometimes as low as INR 35/- only which is a typical cost of a snack. Moreover, as per industry estimates 98% of these 20% users who have participated in the pay-to-play format of fantasy sports have either won or lost less than INR 10,000 net in their lifetime (assumed to be spread over 3-4 years on an Online Fantasy Sports Platform).

According to the FIFS-KPMG report, 30% of the users were playing more than one sport on Online Fantasy Sports platforms. This establishes the fact that Online Fantasy Sports have been a major catalyst in creating interest in real life sports and have seen increasing participation by sports enthusiasts.

The fact that the ticket size is not that significant and that most of the players are not interested in monetizing their game also reconfirms the no to little risks of losing money and getting addicted that the users are exposed to while even paying to play on such Online Fantasy Sports platforms. This also significantly highlights how looking at Online Fantasy Sports and betting with the same lens would not be prudent.

80% of the active users are playing Online Fantasy Sports for free. Of the balance 20% engaging in a pay-to-play format, the ticket sizes are sometimes as low as INR 35/- only which is a typical cost of a snack.

The FIFS-KPMG report revealed that 75% of the respondents play 1-3 times a week. The engagement levels according to this report was found to be particularly higher in the age group of 25-36 years. This further establishes the fact that Online Fantasy Sports require some degree of understanding and maturity which makes it an engaging platform for individuals beyond 25 years of age. The survey also revealed that the motivations to playing this game can be multi-fold. The most obvious reason for such high levels of engagement was people's need for fun and excitement. Most users believe that Online Fantasy Sports are a constructive and fun outlet which is also helping utilize existing skills and further delve deeper on their personal interest in sports. A mere 30% of the users also saw this as an opportunity to win some money.

Online Fantasy Sports have enabled users to stay connected with their sport of interest which is also in-return honing skills and developing further understanding of the sport. The dependence and correlation with actual sports and actual players further adds to the entire experience of playing sports online and adds the excitement that the users are looking for.



Fantasy sports leagues are one of the ways in which fans enjoy their favourite sports. The consumer base for fantasy sports majorly covers sports enthusiasts who are skilled and keen followers of the game and spend considerable time actually following the sport all around. The other categories of consumers in this space includes those who may join for the thrill, entertainment or fun element. The motivation for this minor category is largely around either drawing entertainment for pure enjoyment of the game or an escape away from work, social interactions etc.

While the consumers and market have evolved to understand that Online Fantasy Sports are a game of skill, there are still a few who may carry the belief that involvement of money may put it in the grey zone. There is certainly a need to further develop understanding and awareness amongst consumers that the two are totally unrelated provided certain checks and balances are put in place apart from a self-imposed "code of conduct". The ticket size currently ranges largely between INR 25/- to INR 40/- on Online Fantasy Sports platforms. Not only are the transactions involved in Online Fantasy Sports transparent but it also contributes to the Government's earnings in the form of taxes- GST, TDS, Corporate tax, Income tax etc.





Chapter 3: Fantasy Sports' Dependence on Real-Life Sports

The outbreak of COVID-19 was unexpected and took the world by a storm. The impacts on the economy were not anywhere in the range of expectations of the governments across the world. The most immediate step to stop the spread was a lockdown and arrest people's movements and stop large gatherings of people. This in turn meant a complete haul in all sports activities, specifically matches across the globe which was bound to have an impact on Online Fantasy Sports operators.

With no real-time sports, the number of active users on the Online Fantasy Sports platforms fell rather sharply. The very nature of Online Fantasy Sports is such that it is dependent on actual matches. The dependence on real-life matches and real-life players had to have an impact on the industry. Other online games continued to prosper and grow substantially since there is no correlation with the game and actualities. While the scale of operations may have taken a hit, none of these platforms reported any layoffs during the pandemic when most companies had no option other than laying off people to be able to survive the brunt of the pandemic.

The Online Fantasy Sports operators were swift in understanding what having no real life matches and leagues would mean and started to look out for other offerings on their platforms to ensure continued engagement. Quizzes, sports streaming, news categories were launched to ensure that users have some form of engagement coming their way till the time lockdowns across the world are lifted and real time matches resume their operations. The operators worked on strategies for prolonged engagements with its users during the course of the lockdown. Many of the players used the lean period to innovate their offerings and focus on ensuring continual interest and activity on the platform. This is also a takeaway for the industry to innovate further and think through broad-basing related engagement options for their end users.

While there have been decisions made by the Central Government which would commence matches, the momentum towards normalcy may take a while. This unforeseen development has led to short term disruptions in the industry. As per the FIFS-KPMG report, the first quarter of FY 2020, IPL drives 30-40% of the revenue for online fantasy sports platforms. With IPL beginning in September of 2020, there is a likelihood that the industry will be able to compensate for the revenue loss due to the cancellation and postponement of leagues and matches that were to be held in the first quarter of the year (Q1). That said, with commencement of matches the sector is definitely assured to bounce back with greater consumer interest and engagement levels.





Chapter 4: Best Practices followed by the Industry

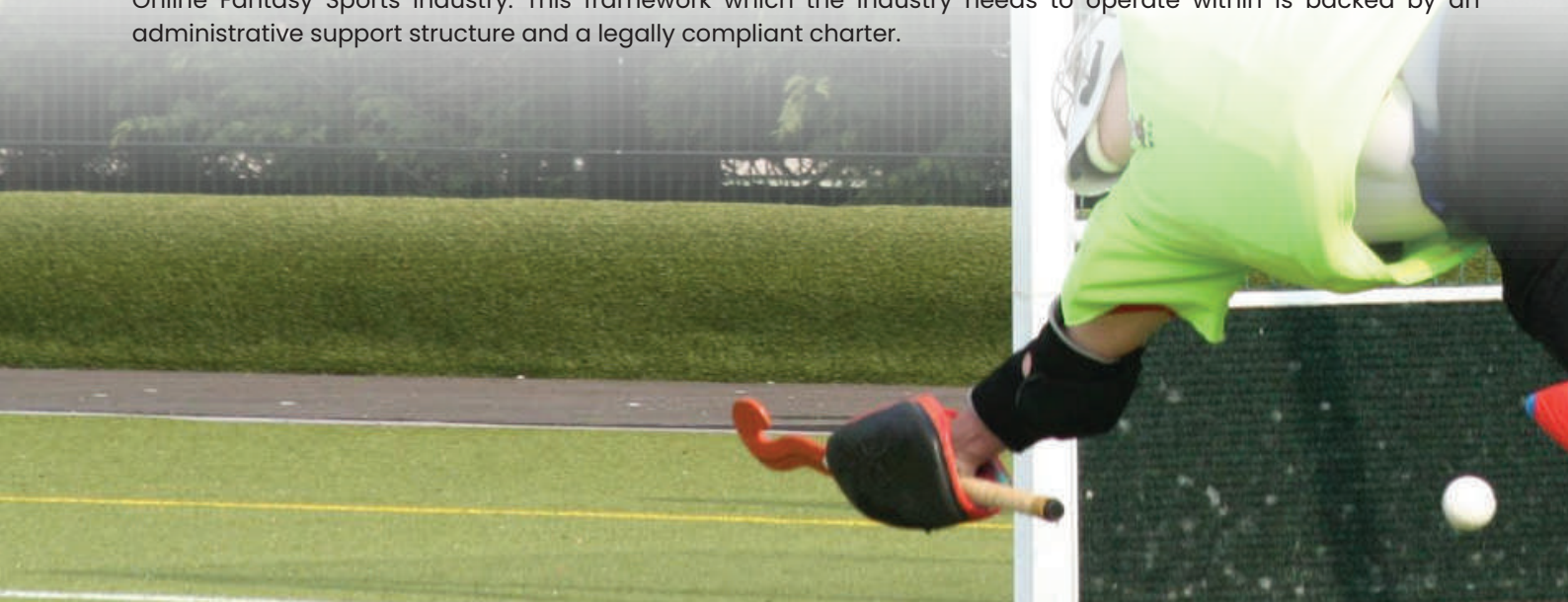
The Federation of Indian Fantasy Sports (FIFS), formerly known as Indian Federation of Sports Gaming (IFSG), was founded in 2017. The Federation is a self-regulatory body that has since its inception been working towards formulating standardised practices for the industry while ensuring that the consumer's interests are safeguarded adequately and appropriately.

Self-regulated bodies have been a common and successful phenomenon in India, for example- The Advertising Standards Council of India (ASCI), the Board for Control of Cricket in India (BCCI) etc. are established bodies. There is a definite need to have guiding principles and rules that define the objectives and functioning of such bodies with the overall intent of maintaining integrity and transparency. Industry representation on such independent bodies ensures all players are given an equal space and opportunity to voice the challenges and issues that they may face individually or as a part of the larger industry. Self-regulation is also a form of businesses committing to ethical business practices.

Other than ensuring that all players are not in any way violating the ethics underlined by FIFS, this also becomes a means to cross learn from other players and work towards a sector that is collectively growing and innovating. Self-regulation also ensures transparency and increased mutual understanding between co-existing players in the space. It is also productive and provides a level playing field for new entrants in the industry. It would be a more effective dispute redressal mechanism which can engage with stakeholders in the government on challenges that dampen the growth of the industry or even provide policy and regulatory solutions and suggestions that would enhance the growth of the industry.

FIFS (erstwhile IFSG) has been the only self-regulatory industry body for fantasy sports in India and has close to 33 members. The success of self-regulation is also highly dependent on industry interest and commitment. All the marquee players in the industry are signatories to FIFS and in sync with the Charter of the Federation which is fully aligned to the current legal status granted through various Court rulings. The role of FIFS also extends to protect consumers that are associated with the industry of Online Fantasy Sports.

As per the FIFS website, in January, 2020, they established the office of Ombudsman and Ethics Officer. The FIFS Ombudsman office was established to receive, consider, investigate, or adjudicate any complaints, disputes or issues that are related to the Online Fantasy Sports industry. The Ombudsman is charged with representing the interests of the public by investigating and addressing complaints of mal-administration or a violation of rights. Currently, the FIFS Ombudsman is Justice Arjan Kumar Sikri (Retd.) appointed by the Governing Council of FIFS. FIFS also has strategic advisors to advise and safeguard the interests of the industry and the consumers. The four advisors currently are Prof. Ratnakar Shetty, former BCCI CEO, Mr. Amrit Mathur, former Secretary, Sports Authority of India, Mr. Dilip Dixit, former Additional Commissioner of Sales Tax and Mr. A.N. Roy, retired Director General Police. Since FIFS strives to provide the necessary framework, it qualifies to be recognized as a self-regulatory body for the Online Fantasy Sports industry. This framework which the industry needs to operate within is backed by an administrative support structure and a legally compliant charter.





Chapter 5: Recommendations and Conclusion

Fantasy Sports has boosted the consumption of sports in India. The Online Fantasy Sports industry is certainly a potential sector which has performed exceptionally well in the past few years. From the time it has gained legal legitimacy and is identified as a game of skill, the sector has continued to awe its users with its offerings and its entertaining experiences and learnings.

The sentiments in various sectors after COVID-19 have not particularly been very joyful. This sector even though had an initial set-back in Q1 of 2020, the remaining quarters will see significant growth in this sector, especially with IPL commencing in September, 2020. To add to it is the fact that it is in terms of revenue and employment opportunities, the sector has made significant contributions.

Interestingly, this is one platform that is able to engage varied age groups and has also witnessed uptake that are more interest-based than money-based. This highlights the underlying but an incredibly important aspect of understanding the contribution that these platforms are making towards maturing and positively modifying the outlook of users towards actual-life sports. The skill element in fantasy sports is too high, it has only further contributed to the interest towards real-life sports and helped many users channelize their understanding and experience of sports in a more conclusive manner. Fantasy sports has come about to be an adequate combination of skill enhancement and entertainment.

Cheap internet rates, not so expensive mobile handsets and a huge base of sports fanatics has made this an eventful opportunity for businesses to capture the potential and grow. The sector has also depicted a specific amount of resilience during times as tough as COVID-19 and innovated rather quickly to ensure continued engagement with its users.

The sector is one that needs all factors to cohesively provide an environment that does not hinder the ease of doing business for the existing players and provides them an opportunity to grow by multiple folds.

The advent of technology is bound to create disruptions. That said, an industry such as that of Online Fantasy Sports, which is on the cusp of growing and becoming a game changer on a global level requires regulatory and policy freedom and support to keep multiplying their growth as it has so far. Self-regulation has so far proven adequate for the industry and the focus shall be towards ensuring that the effectiveness of self-regulation continues with government recognition, as more players add to the ecosystem.






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