

Indian Sports Goods Industry: Strategies For Tapping The Export Potential



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**INDIAN SPORTS GOODS INDUSTRY:
STRATEGIES FOR TAPPING THE EXPORT POTENTIAL**

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Executive Summary

The sports goods industry in India is more than a century old. The clusters of Jalandhar and Meerut are the key centres of production in the country, and products made in these clusters have made a mark in the global market for sports goods. In the recent years, Indian companies have also succeeded in supplying sports goods to international sports events such as the Asian Games 2018. There is substantial scope for further development of the domestic industry on account of the large and growing market for sports goods.

This study analyses the global and Indian sports goods industry and identifies the export potential of Indian sports goods. The study also discusses the challenges faced by exporters in the sector and recommends strategies to overcome these challenges and enhance the competitiveness of Indian sports goods. The study also explores the challenges and opportunities arising from the COVID-19 pandemic and recommends strategies for imparting resilience to the industry.

GLOBAL SCENARIO OF SPORTS GOODS INDUSTRY

The global sports goods industry has been expanding rapidly on account of factors such as growing focus of governments towards promoting sports activities and events, rising disposable incomes, changing lifestyle, increasing fitness awareness, as well as increasing sports participation, particularly in the developing economies. According to the Global Wellness Institute, globally, the per capita consumer spending on sports and recreation activities stands at nearly US\$ 90 per year, which is indicative of the significant potential demand for sports goods. On the back of the growing demand, the revenues of the global sports goods sector recorded a Compound Annual Growth Rate (CAGR) of nearly 5.2 percent during 2012 to 2019, to reach an estimated US\$ 126.2 billion in 2019.

The sector is highly competitive owing to the presence of many established transnational players, with majority of the production being outsourced to the Asia-Pacific region. In fact, Asia-Pacific is the

largest sports goods manufacturing region in the world, with China, Vietnam, Indonesia, Myanmar and Cambodia being the major production centres for most of the transnational companies in the sector.

The global exports of sports goods stood at US\$ 53.3 billion in 2019 and registered a modest CAGR of 2 percent during 2010-2019. Among the 11 major sports goods categories¹, athletics and gymnasium equipment accounted for the largest share of nearly 30.6 percent in the global exports of sports goods in 2019. China is the largest exporter of sports goods in the world, accounting for a share of 42.2 percent in the global exports of sports goods in 2019, followed by the USA (share of 8.6 percent), Germany (4.2 percent), Taipei (4.1 percent), Hong Kong (3.5 percent) and the Netherlands (3.3 percent).

Impact of Covid-19 on the Global Sports Goods Industry

In 2020, the sports goods sector was impacted by pandemic-induced disruptions. The overall output of the sports industry declined by 65-70 percent during 2020, but the impact of lockdown on sports manufacturing was relatively less adverse, with output declining by 30 percent. The decline in output was on account of decrease in household incomes and closing of shops during the pandemic. The market for sports goods industry is estimated to have contracted by around 7 percent in 2020. The impact was largely uniform across geographies, with contraction in market ranging between (-) 7 to (-) 12 percent. However, China emerged as an exception, owing to its faster recovery than other countries.

As demand for sports goods declined, the global trade in sports goods also witnessed a major dip during 2020. Global exports of sports goods registered a y-o-y decline of (-) 27.4 percent in the second quarter of 2020, but eventually recovered due to partial re-opening of few Asian countries and relief packages announced across countries to revive sports businesses.

INDIAN SCENARIO OF SPORTS GOODS INDUSTRY

India currently manufactures more than 300 types of sports goods and is one of the largest manufacturers in Asia, after China and Japan. Over the recent years, production of sports goods in India has witnessed a healthy growth, registering a CAGR of 4.5 percent during 2014-15 to 2018-19. The value of production of sports goods was estimated at Rs. 2,380.7 crore in 2018-19. However, the production is highly concentrated, with two clusters viz. Meerut and Jalandhar jointly producing nearly two-third of the total sports goods in the country.

The Indian sports goods industry is labour intensive and export oriented. While the industry in India exports nearly 60 percent of its total output², the value of exports is low, and the sector accounted for only 0.09 percent of India's merchandise exports during 2019-20. The value of exports is also low when

¹The authors have categorised sports goods into 11 categories viz. Articles and equipment for table tennis, tennis, badminton and similar rackets; Athletics and Gymnasium Equipment; Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc.; Festive Articles; Fishing equipment; Golf clubs and other golf equipment; Ski and Skating Equipment; Sporting, hunting or target-shooting shotguns; Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls); billiards and accessories; and Water Sports Equipment

² IBEF

compared to the global market size. India was the 24th largest exporter of sports goods in the world in 2019, accounting for 0.56 percent of the global exports of sports goods during the year.

During 2010 to 2019, India has witnessed intermittent periods of rise and fall in exports of sports goods. India's exports of sports goods reached US\$ 278.9 million in 2019-20, up from US\$ 166.1 million in 2010-11, recording a CAGR of 5.9 percent during the period. Meanwhile, India's imports of sports goods have increased more rapidly, registering a CAGR of 6.5 percent between 2010-11 and 2019-20. Consequently, India's trade surplus has declined from US\$ 9.8 million in 2010-11 to US\$ 2.8 million in 2019-20. In fact, during 2017-18 and 2018-19, the sector also recorded a trade deficit.

Athletics and gymnasium equipment was the largest category of sports goods exports from India in 2019-20, with a share of 37.7 percent in the exports of sports goods from the country, followed by festive articles (share of 29.3 percent); tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) (13.4 percent); and equipment for use in casino, bowling alley, funfair, circus, fairground amusements (11.2 percent), among others. India's competitiveness in exports of 'articles and equipment for table tennis, tennis, badminton, and similar rackets' has increased during 2010-11 to 2019-20, with exports increasing thirty-fold during this period. India's share in the global market for these products has also steadily increased to 1.2 percent in 2019. On the other hand, India has lost its market share in certain categories such as 'tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls)'. India is a major exporter in the category of 'tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls)', but the exports of football from the country recorded a negative CAGR of (-) 7.1 percent during the period from 2010-11 to 2019-20, due to rising demand for footballs made in Pakistan, growing preference for machine-stitched footballs from China, and rising competition from Vietnam.

There is also significant product and market concentration in India's exports of sports goods. Granular analysis of India's exports of sports goods indicates that the top 5 products (at HS-8 digit level) accounted for nearly two-third of the sports goods exports from India in 2019-20. The product concentration has increased during the period from 2010-11 to 2019-20. The market for exports of sports goods from India is also concentrated with the top 5 export destinations accounting for nearly two-third of India's exports of sports goods in 2019-20. The USA and the UK together accounted for nearly half of India's exports of sports goods in 2019-20. This necessitates an appropriate product and market diversification strategy.

As regards imports, sports goods accounted for 0.06 percent of India's merchandise imports in 2019-20. All categories of sports goods imports by India witnessed an upsurge during the period 2010-11 to 2019-20. Geographical analysis of import sources indicates that more than 50 percent of India's imports of sports goods were sourced from China, in both 2010-11 and 2019-20, indicative of the substantial import dependence on China. Dependence on China for sports goods has increased during the period under consideration, with the share of China in India's imports of sports goods increasing by more than 6 percentage points between 2010 and 2019. Meanwhile, Japan's share in India's imports has also increased during 2010-2019, despite Japan losing its share in the global exports of sports goods. Vietnam is also an important source for imports for India, particularly for import of inflatable balls. The

increase in imports of inflatable balls from other developing countries necessitates adequate capacity addition to meet the domestic demand.

Impact of Covid-19 on Indian Sports Goods Industry

The Indian sports goods industry was severely impacted, owing to the temporary closure of manufacturing and services units during 2020-21. There was also a decline in India's trade in sports goods, due to Covid-19 related slowdown. With strict lockdown during April 2020, sports goods exports from India registered a y-o-y decline of (-) 86.3 percent during the month. Gradually, with partial reopening of the manufacturing sector in May 2020, exports of sports goods recovered, and recorded positive y-o-y growth from August 2020 onwards. During 2020-21, exports of sports goods from India registered a y-o-y decline of (-) 3.7 percent, while imports declined by (-) 4.0 percent during 2020-21. Consequently, trade surplus in the sector increased to US\$ 3.5 million.

The demand for indoor games and sports was healthy during the year, especially for table tennis and other racket games, as well as fitness and home-based workout equipment. Demand for goods for outdoor sports was tepid during the year, and exports of several products for outdoor sports registered a decline. While indoor sports goods shall continue to be the major area of growth for the sector due to the intermittent lockdowns across the major demand centres, increasing vaccination rates and organization of postponed international sports events are likely to fuel the demand for outdoor sports goods in the short to medium term.

STRATEGIES FOR ENHANCING SPORTS GOODS EXPORTS

India's competitiveness in exports of sports goods is low, and the country has also lost market share in several traditional areas of competence. An attempt has been made to identify challenges faced by the sports goods' exporters, and recommend strategies to overcome these challenges, build additional capacities, and improve export competitiveness.

Product and Market Diversification

The study identifies the broad categories of sports goods where India enjoys a comparative advantage, and matches it with the global import demand for these products. Based on India Exim Bank's analysis, the category of 'tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls)' has been identified as 'Product Champion', as India's exports under this category are competitive and the global import demand for this product category is also growing. In the short to medium term, India can focus on leveraging the opportunities arising in the 'Product Champion' category, as products under this category would be low hanging fruits. Besides, six categories, namely 'athletics and gymnasium equipment'; 'festive articles'; 'articles and equipment for table tennis, tennis, badminton and similar rackets'; 'fishing equipment'; 'ski and skating equipment' and 'water sports equipment', are identified as 'Underachievers'. These are products with robust import demand during 2010-2019, but India's exports of these products are currently not competitive. In the medium to long term, there is a need to build domestic capacities for production in the 'Underachievers' segments, as also a need to focus

on attracting export orders and investments from the top sports goods sourcing companies in these categories. As per India Exim Bank analysis, there remains an untapped potential of US\$ 227.4 million in the 'Product Champions' and 'Underachievers' categories of sports goods. Realizing the untapped potential in these categories could boost exports of sports goods from the country to more than US\$ 500 million.

Analysis indicates that the top global importers across several key sports goods categories are not among India's key export destinations for these products. Targeting exports towards the top importing markets in each of the identified product categories would be important for enhancing India's market share in the world. Additionally, several developing economies with high demand for sports goods could also be targeted for market diversification. For instance, countries like Brazil, Mexico, South Africa, Chile, Columbia, Argentina, Nigeria, Peru and Ecuador have significant demand for sports goods. These markets could be targeted by Indian exporters for diversification of export destinations for sports goods.

Promoting Bundling of Complementary Sports Products

Bundling of complementary products related to a particular sport can be an effective strategy for marketing sports goods in the international market. According to a research report, bundling of complementary products can lead to cost saving in the range of 18 percent to 57 percent³. Complementary product bundling can also offer economies of scale to the firms, thereby reducing their per unit cost of output.

Bundling of sports equipment as sports kits may also be helpful in securing contracts at international sporting events. An analysis of the Tokyo 2020 Sole Supplier List indicates that majority of the suppliers were delivering sports goods as a package of complementary/related products, rather than as standalone equipment. Since procuring contracts at international sporting events help in securing a larger market share, encouraging bundling of sports goods for exports could be beneficial in enhancing the market share of Indian companies. Encouraging exports of sports kits could also be helpful in reducing per unit cost, thereby enhancing price competitiveness of Indian sports goods exporters.

Currently, the bundling of sports goods in India for exports purpose is limited to a few sports goods categories only. For example, cricket kits are exported from India, which typically consist of stumps, bails, balls and bat⁴. Similar strategy can be adopted for other sports goods, such as golf equipment, badminton equipment, table tennis equipment, where bundling of items is currently not as popular. Bundling of sports goods with related textile products, especially technical textile products, can also improve the value proposition of the products. A large variety of technical textile products are used in sports, such as leg pads, arm pads, thigh pads, gloves, helmets, caps, neck guards, chest guard, etc, which could be used in product bundles. To that end, there is a need to create synergies between the sports goods industry and the technical textile industry so that the companies can find complementarities in their export offerings.

³ Ruiliang Yan, Subir Bandyopadhyay; (2011), "The Profit Benefits of Bundle Pricing of Complementary Products"

⁴ Analysis based on data from Zaubacom

Geographical Indication for Kashmir Willow Bats

Geographical Indications (GI) function as product differentiators and serve as an important tool for marketing strategies. Currently, there are no registered GIs in the sports goods industry, in spite of some products being unique to the country. Kashmir willow bat is one such product, which holds significance as it is made from some of the best quality wood in the world. Kashmir willow bats fetch a maximum of Rs. 1000 (approx. US\$ 15.36) per bat, as against the English willow bats whose retail price range between US\$ 220 to US\$ 450 per bat in the international market⁵. The price differential arises as Kashmir willow bats are considered heavier than their English counterparts. However, while heavy bats have lesser swing, they are about 1% more powerful than light bats. Kashmir willow bats are also sturdier and have longer use-life. These attributes of Kashmir willow bats have not been popularized, and they are often considered an inferior variety of bat, thereby leading to price disadvantages. Getting a GI tag for Kashmir willow could help in marketing the locally made cricket bats at the international level, and highlighting its positive attributes.

Issuing GI to Kashmir willow bats could ensure better product recognition, competitive pricing, better marketing and promotion, and eventually lead to greater exports. To reap the benefits of GI Status, a GI brand name for Kashmir willow bats also needs to be developed and marketed, and mechanism needs to be devised for ensuring that all products marketed under the GI brand meet minimum specific standards. A certification body could be set up to provide certificate of authenticity for the bats. A repository of information about companies/artisans involved in production and exports of Kashmir Willow bats could be maintained by the certifying body, to ensure quality and uniqueness of the product.

Reducing Import Dependence: A Case for Raising Tariffs on Chinese Sports Goods

Analysis in the study indicates the increasing dependence on imports of sports goods from China. A recent report by the Directorate General of Commercial Intelligence and Statistics (DGCIS)⁶ corroborates India's excessive import dependence on partner countries, especially China, for sports goods under HS 9506 (articles and equipment of general physical exercise, gymnastics, athletics and sports)⁷. Analysis in the DGCIS study indicates that China offers sports good to India at relatively cheaper unit rates on an average, when compared to other countries supplying to India. Moreover, a comparison of unit values of China's exports to India vis-à-vis its exports to other top export destinations in the study also reveals that China is offering the product at a significantly cheaper price to India, as compared to its other key export destinations. In order to match the unit rate offered by China, domestic manufacturers have to compromise with the quality or cutback on margins, neither of which is a viable option for domestic players.

There is a possibility that imported Chinese products are of inferior quality than other nations. In that case, a uniform tariff hike may make higher quality imports from other countries unaffordable, and in turn lead to a shift of consumer preference toward products that are of inferior quality. Therefore,

⁵ Willow Industries in Kashmir Valley: Present Dynamics & Future Prospects, G. M. Bhat, M. A. Islam, A. R. Malik, T. A. Rathee and F. M. Sofi, (Rashtriya Krishi, Vol 2, Issue 1), 2017

⁶ Report on the unit values of India's imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

⁷ Exports under this category accounted for nearly 55.3% of India's sports goods exports during 2019-20

there is a need to consider increasing the tariff on imports of sports goods from China alone. This would, however, entail a careful examination of demand and supply side factors, to ensure that such a tariff hike does not prove detrimental to the domestic industry or consumers. An investigation may be conducted by the Directorate General of Trade Remedies to further understand the injury caused to the domestic sports goods industry due to cheaper imports from China, and a relevant duty hike may be put in place to protect the domestic manufacturers, after due evaluation of possible negative shocks that may emerge from such a move.

Removing Policy Bottlenecks

There is also a need to review the inefficiencies in the existing policy framework that dampen the competitiveness of sports goods companies. For instance, duty exemption on imports of sports goods is available to the governing agencies/federations such as the Sports Authority of India (and States) and National Sports Federation (and affiliated State/district bodies)⁸. These federations/agencies account for a significant share in the domestic demand for sports goods in India. Duty free imports by these agencies put domestic manufacturers at a disadvantage, particularly in categories with adequate production capacities. The Government could consider removing the exemption in categories where India's production is internationally competitive, such as inflatable balls. To counter-balance, the Government could consider exemption of GST for a set of notified sports federations on their purchase of sports goods.

Price competitiveness of Indian exporters is also affected by some State laws that affect availability of raw materials. This is especially relevant in the case of cricket bats industry. With slower replenishment rate of willow plantations in Kashmir amid rising demand for cricket bats, the industry is facing a significant resource crunch. The lack of appropriate state laws for replenishment of willow trees poses severe challenges to the sustainability of the cricket bat industry. In this regard, the Government of Kashmir could consider developing an action plan for sustainable plantation of willow trees in the State, in order to meet the increasing demand.

The Government of Kashmir has also imposed a ban on interstate export of raw Kashmir willows to improve local value addition in the processing of clefts, as a result of which, cricket bat manufacturers outside Kashmir have to purchase semi-finished clefts Kashmir willow instead of raw willow for manufacturing of bats. However, reports indicate that this law has led to increase in cases of smuggling of raw willows from Kashmir to sports goods clusters, at significantly inflated prices. One of the reasons for increased smuggling of raw willows is the limited availability of processing units for conversion of willow to semi-finished clefts in Kashmir, in districts other than Srinagar and Baramulla⁹. Unavailability of high skilled labour is another reason behind the lack of scalability of clefts production in the state¹⁰. Moreover, the facilities for the seasoning of the willow clefts in the clusters of Meerut and Jalandhar

⁸ General Exemption No. 145, 237 and 238 (Exemption to specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training)

⁹ Chandra Mohan Rajoriya et. al. (2016), Willows of Kashmir and their Significance, International Journal for Research in Applied Science & Engineering Technology

¹⁰ Tariq Hussain Masoodi et. al. (2014), Cricket Bat Industry as an Economically Viable Livelihood Option in Kashmir: Present Status and Future Prospects, Forest Products Journal. June 2014

is advanced in comparison to the units in Kashmir, with the time taken for seasoning being only 24-36 hours in the clusters as compared to nearly 7-12 months required for natural seasoning by units in Kashmir. The Administration could address these issues of inadequate processing units, lack of skilled labour and lack of modern seasoning facilities, to ensure adequate supply of semi-finished clefts to the manufacturers of bats. Alternatively, the Administrator could consider easing the restrictions on interstate movement of raw Kashmir Willow, till the time processing units are sufficient to meet the requirement of domestic industry.

Building Capacity for International Bidding

Securing contract at mega sports events is one of the ways to bring visibility to brand names and increase exports. However, the participation of Indian suppliers in mega events such as the Olympics, FIFA, has been rather subpar. There are several reasons for the limited participation, including lack of awareness, costs associated with the bidding for the events, and lack of physical presence in the host countries. In this regard, there is a need to build capacity for international bidding among Indian companies.

International bidding is a tedious and often complicated process, involving various guidelines issued by the host country and/or the sports federation. To enable more Indian players to bid for supplying to international events, the GOI could consider providing support to eligible exporters at various stages of bidding. Consultancy services could be provided by the Sports Goods Export Promotion Council (SGEPC) to prepare various tendering documents. Additionally, Indian missions situated in the host countries of such mega events could liaison with the organizers on behalf of Indian companies during the bidding process, and coordinate with SGEPC for dissemination of information about the bidding process as well as the opportunities. Liaison by Indian missions could help in positioning 'Brand India' at international sports events.

The volume of sports goods required at these international events vary depending on the scale of the event and the type of sport. Both very low and very high volume of sports goods required during these events may be a challenge for the companies. In cases of large volume orders, exporters often lack the ability to scale up to meet the requirement, as MSMEs account for bulk of the production and exports in the sports goods industry. In such cases, the SGEPC could encourage companies to form consortium to bid for large tenders in the international events, with due consideration to uniformity and quality of products supplied by the companies in the consortium.

Finally, the application and submission of tendering documents require certain fees and deposits to be made by the applicants, in addition to different type of bank guarantees which also entail additional financial costs for the bidders. These costs are prohibitive for MSMEs. The high costs also deter MSMEs from participating in lower volume orders, as the associated costs may be higher than the monetary benefits. However, although commercially unviable, participation in low volume orders are also crucial from the point of building reputation in the international circuit. In this regard, a mechanism can be developed by the GOI for sharing the costs associated with bidding in some of the key international events such as FIFA, UEFA, Olympics, ICC Cricket world cup etc. The Government can consider providing financial support up to 50 percent of the fees applicable while tendering for such mega sports events and/or a certain fixed amount, so as to ease the financial burden on the applicants and encourage more domestic players to actively bid.

Promotion of Sports Goods through Sports Tourism

Sports tourism has two forms— spectator sports (or passive sports tourism) events where people visit to enjoy the event, and participatory sports events (or active sports tourism) which encourage visitors to participate in an activity. With well-designed policies and financial incentives, India can also systematically boost investment in businesses related to sports tourism. This would boost demand for sports goods required to facilitate the tourism activities.

Sports Goods in Spectator Sports Events

Sports events, especially mega events such as Olympics and FIFA, are key contributors to sports tourism and have positive economic impact on the GDP and employment of host countries. Promoting sports events can also help in capacity building and marketing efforts of sports goods companies. Despite the success in hosting sports events, India remains below other developing countries such as China and Brazil in the Global Sports Impact Index, which ranks countries bidding for and winning the right to host global sports event. An essential first step to prepare India for hosting greater number of mega sports events would be to bolster the sports infrastructure.

The Central and State Governments, along with the private sector can explore development of sports infrastructure through public-private partnership (PPP) model. Modern forms of PPP like Refurbish, Operate, Maintain and Transfer (ROMT), along with traditional forms like Renovate, Modernise and Operate (RMO) and Build, Operate, Transfer (BOT) could facilitate the participation of the private sector in the development, maintenance and operation of multi-purpose sporting facilities. The GOI could also consider establishing special sports zones (SSZs) for providing a focused approach towards infrastructure development for sports tourism. The SSZs could include, among others, a single window clearance for approvals related to development of projects; tax relaxations; recreational benefits for the community; and world-class training facilities. The State Industrial Development Corporations could also make land available for long-term lease for the sports infrastructure projects. Benefits like lower electricity duties could also be provided for the sports facilities.

Sports Goods in Participatory Sports Events

Tourists also visit for active participation in sports. India has substantial scope for a wide variety of participatory sports tourism, in areas such as adventure sports, golf, polo tourism, skiing, equestrian, rowing, among others. These participatory sports tourism activities should be incentivized in a manner which also leads to positive externalities for the sports goods sector. For example, to promote golf tourism, the GOI shares cost of organizing international golf events with the event organizers. The GOI could create incentives for use of domestic sports goods in such events by offering to provide a higher share of the cost if the value of domestic sports goods sourced for such events are higher than a minimum threshold. The GOI could also offer a higher support for organizing such events, if the tourists are given an option to lease goods produced by the domestic manufacturers during the events. This would promote acceptability of Indian sports goods in the international events as well.

Focus on Innovation and Research and Development

One of the reasons for low innovation in the Indian sports goods industry is the size of the firms. Most firms in sports goods clusters are MSMEs, which face size-induced market failures. Very few of the companies in the sector have the capacity to invest in R&D. Even in the larger Indian companies, R&D investments are low, not exceeding 0.01% of their turnover¹¹. To remain competitive in the international market and to keep pace with the consumer preferences, Indian sports goods industry would need to innovate and invest in R&D. Given the nature of the industry, companies alone would not be able to undertake investments in R&D, and a more collaborative approach to innovation is required in the sector, encompassing all stakeholders, including the Government, research institutions, and the companies.

Innovation in Material used for Sports Goods

There is significant research going on in the segment of technical textiles in India, which could unleash a new era of growth and innovation for the material used in the sports goods industry in India. The Wool Research Association has been designated as a Centre of Excellence (COE) for sports textiles, which has been set up to facilitate high quality research and development in the sport textiles sector. Since there is a strong linkage between the sportech and the sports goods, the scope of the COE can be extended to include the sports goods sector as well. The advanced research on sport textiles, and available infrastructure at the COE could help the sports goods companies in developing new prototypes.

Apart from research on cutting-edge technology, alternative material for usage in sports goods could also be explored, especially in areas where raw material availability is a concern. One such raw material could be bamboo, which can be used instead of willow in manufacturing of cricket bats. A recent study by the University of Cambridge has shown that bamboo is significantly stronger with a 'strain at failure' more than three times greater than willow and is able to hold much higher loads¹². A collaborative research could be undertaken to identify the optimal dimensions and design of bamboo cricket bats, as well as to find the ideal shape and size for a wide range of uses, from training bats to professionally usable bats. Research is also required to develop suitable technology to manufacture bamboo cricket bats. Commercializing the bamboo bats could enable Indian cricket bat manufacturers to sustainably cater to the growing demand for cricket bats in the international market. The use of bamboo bats for professional cricket would, however, require approval of the Marylebone Cricket Club, which is the governing body of cricket that regulates cricket bat material.

Institutional Support to Research

While India has institutes such as National Centre for Sports Sciences and Research (NCSSR) and Sports and Management Research Institute (SMRI), the success of these institutes in sports research, technological innovations and commercialization of innovative sports goods has been limited. There are several global centres of excellence in sports technology and engineering that work with multinational

¹¹ Based on data from CMIE Prowess

¹² Replacing Willow with Bamboo in Cricket Bats, Ben Tinkler-Davies, Michael H Ramage, Darshil U Shah, Journal of Sports Engineering and Technology, May 2021

companies on cutting-edge research to develop state-of-the-art sports goods. One such centre is the Institute for Sports Research (ISR) in Singapore, which is a collaborative effort between Nanyang Technological University, Singapore and Loughborough University, UK. The ISR effectively leverages the rich research resources of scientists from the partner universities and translates the results of the research into real and viable products. The ISR relies on an incubation facility within its premises that is supported by an array of visual and physical prototyping facilities. In India as well, stakeholders need to adopt a collaborative approach to sports research, and focus on the prototyping and commercialization of the products. There is a need for a dedicated institute, on similar lines as the ISR in Singapore, for this purpose.

Mechanizing Football Production

Pakistan has emerged as a key player in production of footballs, on the back of its transition from hand-stitched to thermo bonded balls. The shift, driven by growing competition from China, led to exponential growth in exports of football from Pakistan, making it an important supplier of footballs in mega football events. In contrast, India's football production has largely remained hand stitched. As a result, India has lost share in the export market for these products. The share of these products in India's exports of sports goods has also dipped from 12.0 percent in 2010-11 to 3.7 percent in 2019-20. In order to regain the lost ground in the market for footballs, mechanization of the production process of footballs would be important. This would require investment in machinery, towards which the Government can consider providing a capital subsidy of 15 percent. As most enterprises in the sports goods sector are MSMEs, the capital subsidy can be included under the scope of the National Manufacturing Competitiveness Programme (NMCP) of the Ministry of MSMEs.

Setting up Common Facilitation Centres

Analysis based on secondary research and industry interactions with companies, indicates low productivity in major clusters viz. Meerut and Jalandhar due to several infrastructure bottlenecks. Sports goods manufacturers require critical facilities at various stages of production, but such equipment are often costly and inaccessible for MSME manufacturers. One of the ways to provide access to high-end and capital-intensive, state-of-the-art machinery and equipment would be setting up of dedicated common facilitation centres (CFC) in the clusters. CFCs provide support in the aspects of marketing, production, material testing and skill development training at a single place. Amongst the major sports goods clusters, only Meerut has a CFC called the Process cum Product Development Centre. There is a need to set up similar CFCs at other sports goods clusters such as Jalandhar, Anantnag, Delhi, Mumbai, Pune and Ludhiana.

Development of More Clusters and Setting up of Plug and Play Facility

The traditional model of outsourcing of production by transnational companies to low-cost destinations leads to lower operating expenses, but also increases the lead-time. With supply chain disruptions caused by the Covid-19 pandemic, companies are increasingly opting for re-shoring and regionalization of value chains. As a result, India is likely to attract foreign investors in the sports goods sector on

account of its large domestic market. Investments in domestic production would also help increase exports from the country. Moreover, foreign investments across all stages of the production cycle would also allow higher value-added activities such as design and R&D to take place in the country.

Until now, foreign investments in India's sports goods sector have been limited. In order to attract foreign investments from multi-national brands, setting up of plug and play facilities will be essential. Under this, the built-in spaces already have basic facilities such as electricity, water, along with road, rail and sewage connectivity, and all clearances are available within a specified time frame, so that investing companies can commence operations smoothly and within the desired time schedule. In the recent times, state governments have been actively engaged in development of such facilities, in a bid to attract investments from foreign companies. Rajasthan, for example, has launched dedicated sports goods and toy zone in Khushkeda to promote manufacturing of sports goods and toys in the State. On similar lines, other states like Punjab and Uttar Pradesh which place great emphasis on the sports goods sector, could also identify and allocate land areas for building plug and play facility to attract foreign investments in the sector.

Appropriate Refund Rate under RoDTEP

The implementation of GST led to a surge in the prices of sports goods, as the industry faces GST between 12 to 18 percent on most items; much higher than the rates of taxation in the pre-GST period. Exports are considered zero-rated supplies under GST. The GST and customs duties levied on inputs required for the manufacturing of export products are either exempt or refunded. However, many of the materials used by sports goods manufacturers are sourced from the agri and allied sector, which is out of the ambit of GST. The inputs used in agricultural sector incur several additional duties and taxes, which are not refunded as input tax credit. Sports goods exporters also pay taxes on fuels, duty on electricity, toll tax, stamp duty, etc., for which no refund is available. Thus, there are several hidden costs in the form of taxes and duties that are incurred by manufacturers of sports goods. To address the cost burden, the GOI under its Scheme for Remission of duties and taxes on export products (RoDTEP) must set an appropriate refund rate for the sector.

Capital Subsidy for Acquisition of Select Machineries

During India Exim Bank's interaction with the sports goods manufacturers, companies indicated the need for semi-automation at certain stages of the sports goods manufacturing process, such as the welding activities. Several buyers have made such automations a necessary condition for sourcing of sports goods, over concerns regarding quality and uniformity of products. Automating the various elements of manufacturing would therefore be important for tapping the export potential in the sector. Since machines required for automation entail significant investment, the Government could consider providing a capital subsidy of 10-15 percent towards acquisition of machines used in the manufacturing of sports goods. As discussed earlier in case of mechanization of football manufacturing, the capital subsidy can be included under the scope of the NMCP of the Ministry of MSMEs.

Fiscal Support for Standards and Certifications

Developed markets are the major importers of sports goods, but the penetration of Indian companies in these markets has been low due to lack of standardization and certification of sports goods in India. Sports goods exporters need to conform with various standards set by organizations. Further, international companies often work with general (i.e. not industry specific) sustainability initiatives. With growing concern from international buyers about the sustainability of their supply chain, these certifications could certainly give a competitive advantage while securing contracts at international sporting events. Several federations such as FIFA have also introduced their own quality certifications. However, getting these standards and certifications entails substantial cost.

Due to the huge cost of the standards and certifications, many small players are unable to access the international market. To improve market access for sports goods exports, the GOI could consider providing a refund of expenses incurred on obtaining standards and certifications, to the extent of 50 percent of expenses incurred by exporters, subject to a ceiling per exporting unit. This will reduce the financial burden and improve competitiveness of sports goods exports.

Awareness through Seminar and Workshops

Industry interactions by India Exim Bank highlighted that there is a general lack of awareness among sports goods manufacturers regarding the various Government initiatives and schemes available for promoting and facilitating exports. Further, according to the Elevate Worker Survey data, workers in India's sports goods industry are often not clear about the quality requirements and often need to rework. As compared to India, workers in countries such as China, Vietnam and Thailand have better understanding of quality requirements.

Therefore, there is a need to organize awareness and training programs for the sports goods companies and the workers. These programs can be organized by the SGEPC on important aspects pertaining to exports, including tender announcements, bidding procedure, business opportunities, standards, certifications and labelling requirements, among others. Information on these aspects can also be circulated via emails and newsletters to the exporters. Further, the SGEPC can also collaborate with the World Federation of Sporting Goods Industry (WFSGI) to organize periodic sessions to inform sports goods manufacturers in India about the compliance labelling requirement database of the WFSGI, which provides information on up-to-date labelling requirements by country. The SGEPC could also create a special cell to provide information to micro and small units about the standards, certifications and labelling requirements.

CONCLUSION

The sports goods industry has an untapped export potential of US\$ 227.4 million. If realized, it could help exports from the sector reach the US\$ 500 million mark. Given India's significant untapped potential in the sector and the Government of India's overall focus on building a self-reliant manufacturing in the country, the time is ripe for India to push for appropriate reforms to address the challenges in the sports goods sector, enhance domestic capabilities and improve export competitiveness.



Introduction

SPORTS INDUSTRY: A BACKGROUND

Sports is a niche sector, with significant potential for engendering sustainable growth. According to the United Nations' estimates, the sports industry accounts for nearly 1 percent of Global GDP, and is expected to be valued at US\$ 600 billion by 2022¹³. Though the size of the industry and its contribution to GDP may not be large, the sector has strong forward and backward linkages with several other sectors, and has multiplier effects on the development of these sectors. This includes sectors such as tourism, fashion retail, pharmaceuticals, textiles and apparel, construction, event management and electronic media, among others.

Sports industry has both direct and indirect contribution to the GDP. The direct impact represents the GDP generated by activities that directly deal with sports, such as sports goods, national and international sports events, and related tourism. Viewership can also create a direct impact through subscriptions to sports channels, sports magazines, radio channels, etc. The indirect contribution to GDP is in the form of investment spending, which includes private and government spending, in infrastructure, sponsorships, academic institutions, coaches, sports doctors, sports institutes, marketing and advertising agencies, media, etc. There is also an induced impact, which refers to the contribution to GDP and employment by the spending of those who are directly or indirectly employed by the sports manufacturing and services companies.

According to a report by the Sport Industry Research Centre (SIRC), Sheffield Hallam University, the sports goods industry is an employment-intensive industry, with a high employment multiplier. While a 1 percent increase in GDP (in the form of investment) leads to a 1 percent increase in employment for average economic sector, a 1 percent increase in sport-related GDP induces a 1.35 percent increase in employment¹⁴. Clearly, sports industry has significant impact on output and employment in any country.

¹³ "A new team member: What role can sport play in driving Better Data, Better Lives?", March 2020, UN DESA

¹⁴ Resourcing the Sustainability and Recovery of the Sport Sector during the Coronavirus Pandemic, Commonwealth Moves

Exhibit 1: Components of Contribution of Sports to GDP



Source: India Exim Bank Research

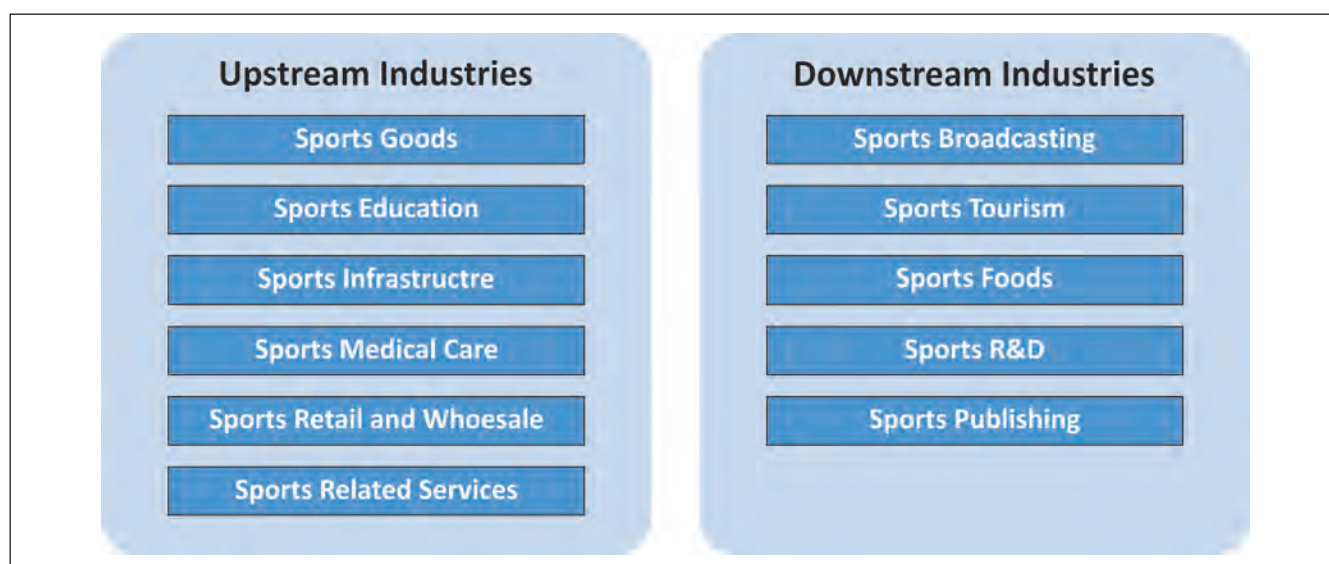
The direct, indirect and induced impacts can vary across countries depending on the level of integration of the sports sector with the local economy. Greater linkages generally translate into greater levels of local economic activities, and therefore, higher growth. In case of greater linkages, goods (sports goods and other related goods) and services (coaches, labor, doctors, marketing etc.) required for major sports event are sourced locally, and greater benefits accrue to the local economy. On the other hand, low levels of economic linkages lead to greater dependence on imports (including staff) for meeting the domestic demand.

The overall sports industry can be segmented into upstream and downstream industries¹⁵ (Exhibit 2). The ‘Upstream sports-related industries’ refer to those sub-sectors that produce goods and services needed for sports, such as athletic footwear, athletic apparel, exercise equipment/hardware, construction of infrastructure, retail and wholesale, advertising and PR, financial services, as well as sport education¹⁶. The ‘downstream sports-related industries’ on the other hand refer to industries that benefit from sports but do not contribute directly to the core sports product, such as sports media, health, sports tourism, lotteries and betting, sports foods, as well as sports-related research and development. While upstream sports-related industries treat all sports products and services as an output, downstream industries draw upon sports as an input. The sports goods sector is part of the upstream industries. For the purpose of this study, the scope will be limited to sports goods only.

¹⁵ “EU Action on Sports Statistics”, Wladimir Andreff; Vilnius Definition 2.0, European Commission, 2013

¹⁶ Ibid

Exhibit 2: Classification of Sports Industry based on Upstream and Downstream Industries



Source: Improve Economic and Policy Knowledge in the Field of Sport Related Industries with particular focus on Goods Sector

SPORTS GOODS INDUSTRY: DEFINITION AND SEGMENTATIONS

Sports goods are objects that are designed and sold for use in a sport or sporting activity and are essential for performing the sport. From a supply perspective, the sports goods industry is an oligopoly market dominated by a few transnational companies competing together in a global market, with majority of their production outsourced to small local firms in several geographies. On the demand side, the industry faces a highly segmented and volatile demand, and is largely driven by changing lifestyles, rising disposable income, and increasing participation of youth in sports and related activities.

Sports goods can be classified into 'equipment-intensive' goods and 'trite' goods¹⁷. The former group consists of products with high per-unit value addition in the production process and are manufactured using sophisticated and evolving technology and know-how. These products are usually required for practice of specialized equipment-intensive sports, for instance sailing, winter sports, surfing, motor sports and golf. Trite goods, on the other hand, consists of products with low per-unit value addition in the production process and are manufactured using mature technology and easily transferable know-how. These products are less specialized and can be used in a wider range of sport practices or even for leisure activities without any sport practice.¹⁸ Sports goods can also be classified by the type of product into inflatable balls, exercise equipment, outdoor and indoor game equipment, and protective equipment (Table 1).

¹⁷ Global Trade in Sports Goods: International Specialization of Major Trading Countries (Madeleine Andreff, Wladimir Andreff, 2009)

¹⁸ Ibid

Table 1: Market Segments Based on Type of Product

| Categories | | Products |
|--------------|------------------------|---|
| Sports Goods | Inflatable Balls | Cricket balls, Training balls, Volley balls, Mini Balls, Hand Balls, Basket balls, Rugby Balls, Football, Hockey ball, etc. |
| | Exercise Equipment | Exercise and Gymnastic equipment, Health and Fitness equipment, Club equipment, Playground equipment, |
| | Outdoor Game Equipment | Flying discs, Wickets and Bases, Sticks, Bats and Clubs, Badminton, Tennis and Squash Rackets, Cricket Equipment, Hockey Equipment, Lawn Tennis Equipment, Children’s Playing Shuttle cocks, Rolling Skates |
| | Indoor Game Equipment | Table Tennis Equipment, Weight-Lifting Equipment, Carom Boards, Chess Boards, Marbles, Other Board Games |
| | Protective Equipment | Leg Guards, Head Guard, Chest Guard, Shin Guard, Helmets, Protective Equipment, Arm Boxing Gloves, Hand Gloves for Soccer |

Source: Indian Textile Journal (2013), India Exim Bank Research

SCOPE OF THE STUDY

Over the recent years, the sports goods industry has evolved into a noticeable sector for many economies, with significant rise in demand, as well as emerging business opportunities. According to a recent report by the Global Wellness Institute, nearly 33 percent of the world’s population regularly engages in sports and active recreation and consumers spend nearly US\$ 90 per capita, annually, on an average on such activities, which is indicative of the significant potential demand for sports goods. Further, with the growing popularity of various international sports events such as Olympics, FIFA, T20, Commonwealth Games, IPL etc. and with the rising consumer consciousness and sports-led entertainment, sports goods sector has tremendous potential and opportunities in the international market.

Realizing the importance of sports in boosting economic growth, the Government of India has undertaken several policy measures to promote the sports culture in the country. This includes initiatives such as ‘Khelo India’- a National Programme for Development of Sports, Scheme for Assistance to National Sports Federations, Target Olympic Podium Scheme (TOPS), among others. These initiatives indicate the importance of the sector from a policy perspective.

Set against this backdrop, the study analyses the global and Indian sports goods industry and identifies the export potential of Indian sports goods. The study also discusses challenges faced by exporters in the sports goods industry and devises strategies to overcome these challenges in order to make Indian sports goods competitive in the global arena. The study also explores the challenges and opportunities arising from the COVID-19 pandemic and recommends strategies for imparting resilience to the industry.

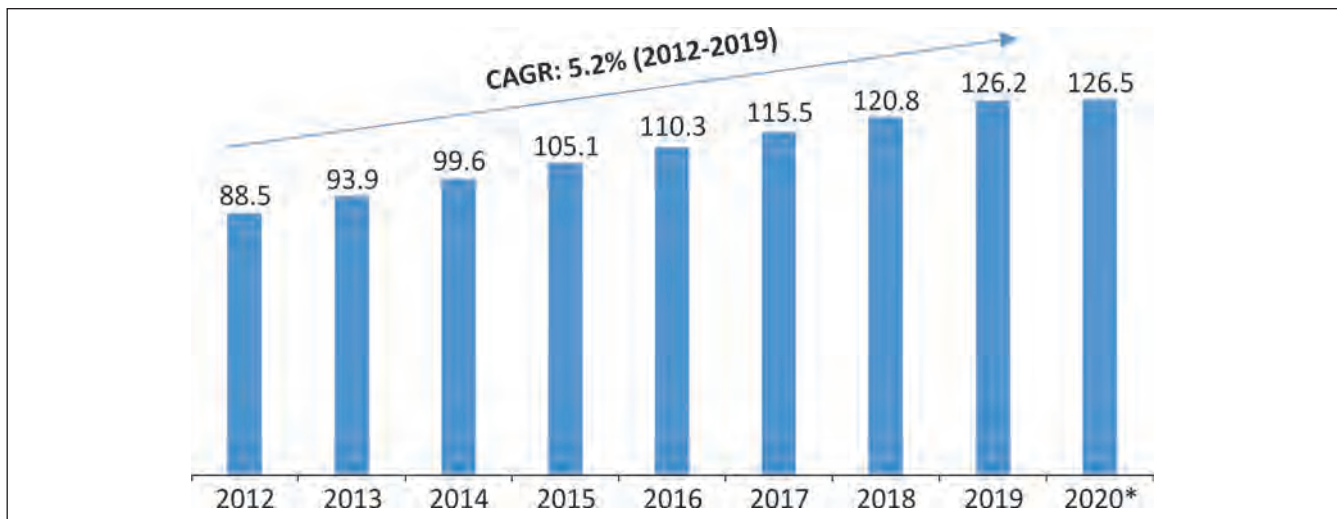
2 CHAPTER

Global Scenario of Sports Goods Industry

OVERVIEW

The global sports goods industry has been expanding rapidly on account of factors such as growing focus of governments towards promoting sports activities and events, rise in disposable incomes, changes in lifestyle and increase in sports and fitness awareness, increase in sports participation, particularly in the developing economies, among others. Driven by these factors, the global sports goods market registered a Compound Annual Growth Rate (CAGR) of nearly 5.2 percent during 2012 to 2019, to reach an estimated US\$ 126.2 billion in 2019 (Exhibit 3).

Exhibit 3: Global Sports Goods Market Size (US\$ Billion)



*Forecast

Source: Statista Consumer Market Outlook sourced from <https://www.statista.com/statistics/1000592/sports-equipment-market-size-worldwide/>; India Exim Bank Research

The sports goods sector is highly competitive, owing to the presence of many established transnational players. Analysis indicates that majority of the production is outsourced by the transnational companies, especially to the Asia-Pacific region. In fact, Asia-Pacific is the largest sports goods manufacturing region in the world, with China, Vietnam, Indonesia, Myanmar and Cambodia being the major production centers for most of the transnational players in the sector¹⁹.

MAJOR MARKETS

Sports are a popular activity in every region around the world. Based on market size, Asia-Pacific is the largest market for sports and recreation²⁰ with a market size²¹ of US\$ 83 billion in 2018, followed by Europe, North America, Latin America and Caribbean, Middle East and North Africa, and Sub-Saharan Africa. The sports participation rate, which is defined as the share of the total population that participates in sports and recreation on a regular basis (at least monthly), is highest in North America, followed by Europe, Asia-Pacific, Latin America and Caribbean, and Sub-Saharan Africa (Exhibit 4). On an average, globally, consumers spend about US\$ 90 per capita, annually, by engaging in sports and recreation activities²².

Exhibit 4: Sports and Active Recreation Market Size and Participation Rate by Region, 2018



Note: Market size measures consumer expenditures on classes, memberships, entry fees, trainers, and related services and methods of participation

Source: Move to be Well: The Global Economy of Physical Activity – October 2019, Global Wellness Institute

¹⁹ Based on the latest Annual Reports of Adidas AG, Amer Sports corporation, Asics Corporation, Decathlon SA, Nike Inc

²⁰ Includes activities of team sports (e.g., soccer, basketball, volleyball); individual sports (e.g., tennis, swimming, gymnastics); indoor sports (e.g., squash, wrestling, martial arts); outdoor sports (e.g., skiing, rowing, bicycling); recreational pursuits (e.g., hiking, trail running, kayaking, parasailing, rock climbing, dancing)

²¹ Market size measures consumer expenditures on classes, memberships, entry fees, trainers, and related services and methods of participation

²² Based on sample of 2.5 billion participants of GWI's survey across 74 geographies

A wide range of equipment and supplies are required to engage in sports and active recreation activities, including sporting goods, protective gear, and fitness/exercise/training equipment and supplies. The market for these physical activity enabling equipment and supplies was estimated at US\$ 108.6 billion in 2018²³.

Several advanced economies have relatively high participation rates combined with high average spending levels for participants, which positions them among the top markets for sports and active recreation. This includes the USA, the UK, Japan, Germany, and South Korea, among others (Table 2). The disposable income in these countries is high and there is a sophisticated and well-developed private market for recreational physical activities in the form of gyms, yoga studios, sports clubs, dance studios, swimming pools, etc. Several other countries such as Canada, Italy, Spain, France, and Australia have lower participation level but have significant market size, due to higher average spending levels of population. Developing countries such as Brazil, Mexico, and India also rank among the top markets due to large populations, despite lower average spending rates and relatively less developed sports and recreational businesses, facilities, and infrastructure (Table 2).

As mentioned in the previous chapter, low level of economic linkages of the sports sector with the local economy leads to higher import dependence. This is evident in case of the USA, which was the largest market for sports and recreational activities in 2018, and also the largest importer of sports goods in 2018. The market for physical activity enabling equipment and supplies in the USA was valued at US\$ 37.5 billion, of which nearly 39.5 percent was met through imports. The dependence on imports was also high in the case of other advanced economies such as Canada, Spain, Australia, South Korea, Germany and Switzerland. China, on the other hand, was the second largest market for sports and recreation activities but had lesser dependence on imports due to a strong manufacturing base for sports goods. Only 10.6 percent of the demand for physical activity enabling equipment and supplies was met through imports in case of China. India was the 18th largest market for sports and recreation in 2018. India has significant dependence on imports, as nearly 75 percent of the physical activity enabling equipment and supplies were imported by the country in 2018 (Table 2).

²³ Data for market size may be slightly different from that reported in Exhibit 3 due to differences in methodology of the two data sources.

Table 2: Market Statistics for the top 15 Sports and Recreation Market and India in 2018

| Country | Participation Rate (%) | Sports and Recreation Market Size* (US\$ Billion) | Market Size of Physical Activity Enabling Equipment and Supplies (US\$ Billion) | Import Value (US\$ Billion) | Import Dependence Percentage** | Rank in Global Imports 2018 |
|------------------------------|------------------------|---|---|-----------------------------|--------------------------------|-----------------------------|
| The USA | 51.5 | 57.6 | 37.5 | 14.8 | 39.5 | 1 |
| China | 43.5 | 42.3 | 10.4 | 1.1 | 10.6 | 11 |
| The UK | 54.1 | 13.5 | 8.4 | 2.5 | 29.8 | 4 |
| Japan | 66.5 | 13.3 | 8.8 | 2.5 | 28.4 | 3 |
| Germany | 52.6 | 12.9 | 5.9 | 2.9 | 49.2 | 2 |
| South Korea | 70.6 | 10.9 | 1.9 | 1.4 | 73.7 | 7 |
| France | 49.3 | 7.5 | 6.3 | 2.1 | 33.3 | 6 |
| Australia | 77.4 | 6.7 | 1.5 | 1.1 | 73.3 | 12 |
| Italy | 33.6 | 5.7 | 2.7 | 1.1 | 40.7 | 13 |
| Canada | 41.9 | 4.8 | 2.5 | 2.4 | 96.0 | 5 |
| Spain | 45.8 | 4.6 | 1.6 | 1.3 | 81.3 | 10 |
| Switzerland | 68.7 | 4.6 | 1.5 | 0.6 | 40.0 | 20 |
| The Netherlands [#] | 60.6 | 4.0 | 0.9 | 1.6 | 177.8 | 8 |
| Brazil | 36.8 | 3.7 | 1.1 | 0.2 | 18.2 | 37 |
| Taiwan | 80.7 | 2.8 | 2.2 | 0.2 | 9.1 | 27 |
| India | 12.9 | 1.8 | 0.4 | 0.3 | 75.0 | 30 |

*Market size measures consumer expenditures on classes, memberships, entry fees, trainers, and related services and methods of participation

** Import Dependence represents the percentage of Import Value to the Market Size of Physical Activity Enabling Equipment and Supplies

[#]Import dependence is greater than 100 in case of Netherlands as the country is a major re-export destination, and imports are not only for the purpose of domestic consumption

Source: Move to be Well: The Global Economy of Physical Activity (October 2019)- Global Wellness Institute, ITC Trade Map, India Exim Bank Research

INTERNATIONAL TRADE SCENARIO

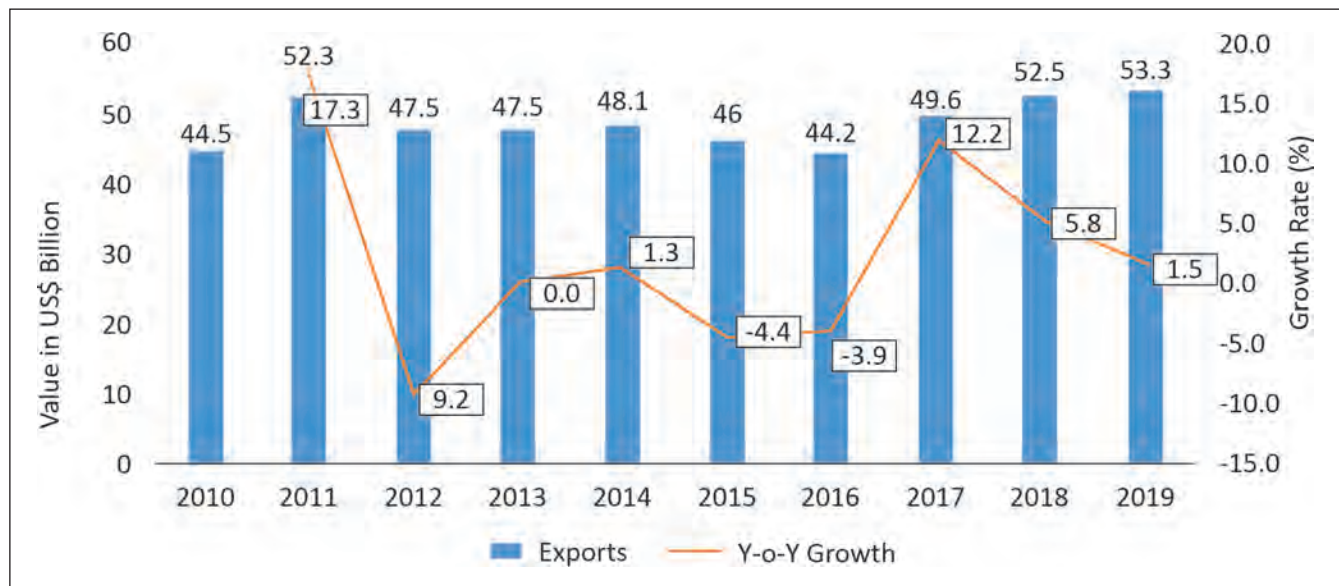
International trade is increasingly being characterized by global value chains (GVCs). According to OECD estimates, about 70 percent of international trade today involves GVCs. The sports goods industry is also characterized by strong networks of production and trade. A typical Wimbledon tennis ball, for

example, moves across a complex value chain involving clay from South Carolina in the USA, silica from Greece, magnesium carbonate from Japan, zinc oxide from Thailand, sulphur from South Korea and petroleum naphthalene from China, being shipped to Philippines for final processing. Alongside, rubber from Malaysia is shipped to Indonesia, where it is vulcanized and then shipped for final production to Philippines. Similarly, raw wool from New Zealand is shipped to the UK, where it is turned to felt²⁴ and then sent for final processing. Finally, tins are shipped from Indonesia for packaging of the tennis balls. In totality, the process requires shipment of goods between 11 countries and across four continents, covering a distance of over 50,000 miles²⁵.

Trends in Exports of Sports Goods

Global exports of sports goods stood at US\$ 53.3 billion during 2019. During 2010-2019, the growth in global exports of sports has remained muted, registering a CAGR of 2 percent. During the last two years of the period under consideration, growth in exports has steadily decelerated (Exhibit 5).

Exhibit 5: Global Exports of Sports Goods



Source: ITC Trademap; India Exim Bank Research

Key Products for Global Exports of Sports Goods

For analysis of trade data in this study, sports goods have been classified into 11 broad categories, details of which are given in Annexure 1. Among these categories, athletics and gymnasium equipment was the largest category of global exports in 2019, accounting for 30.6 percent of the global sports goods exports, followed by equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. (21.4 percent) and festive articles (16.8 percent). During 2010-2019, almost all categories of sports goods witnessed a positive CAGR, except 'equipment for use in casino, bowling alley, funfair, circus,

²⁴ Wool Felt is a composite material where wool fibers are pressed together to create a sheet.

²⁵ Mark Johnson (2017). The 50,000 mile journey of Wimbledon's tennis balls. Warwick Business School

fairground amusements, etc.’ and ‘articles and equipment for table tennis, tennis, badminton and similar rackets’, which registered negative CAGRs of (-) 4.0 percent and (-) 0.2 percent, respectively, during the period (Table 3).

Table 3: Category-wise Global Exports of Sports Goods in 2010 vis-à-vis 2019 (Value in US\$ Million)

| Category | Value in 2010 | Value in 2019 | CAGR (2010-19) | % Share in 2019 |
|--|----------------|----------------|----------------|-----------------|
| Athletics and Gymnasium Equipment | 10291.0 | 16303.2 | 5.2 | 30.6 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 16414.6 | 11405.4 | -4.0 | 21.4 |
| Festive Articles | 3488.8 | 8963.3 | 11.1 | 16.8 |
| Golf clubs and other golf equipment | 3863.3 | 4040.0 | 0.5 | 7.6 |
| Fishing equipment | 2489.6 | 3295.6 | 3.2 | 6.2 |
| Ski and Skating Equipment | 3088.1 | 3138.1 | 0.2 | 5.9 |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | 1932.5 | 2047.0 | 0.6 | 3.8 |
| Water Sports Equipment | 946.1 | 1722.9 | 6.9 | 3.2 |
| Sporting, hunting or target-shooting shotguns | 1000.9 | 1156.6 | 1.6 | 2.2 |
| Articles and equipment for table tennis, tennis, badminton and similar rackets | 926.6 | 909.4 | -0.2 | 1.7 |
| Billiards and accessories | 194.2 | 298.2 | 4.9 | 0.6 |
| Total Sports Goods | 44635.7 | 53279.7 | 2.0 | 100.0 |

Source: ITC Trademap; India Exim Bank Research

Granular analysis of exports of sports goods at the HS-6-digit level indicates that gymnasium and athletics equipment was the topmost item of exports in 2019, accounting for a share of 18.6 percent in the global exports of sports goods. Other top exported products include other sports equipment (share of 12.0 percent), articles for Christmas festivities (11.8 percent), other articles for casino game, parlor game etc. (7.9 percent), other games, operated by coins, bank notes, bank cards (6.9 percent), and other festive articles (5.1 percent), among others. It is noteworthy that the top 10 exported products at the HS-6-digit level accounted for nearly three-fourth of the global exports of sports goods.

The composition of sports goods exports has significantly altered between 2010 and 2019. While the shares of products such as ‘gymnasium and athletics equipment’, ‘other sports equipment’, and ‘articles for Christmas festivities’ have increased in 2019 as compared to 2010, the shares of ‘other articles for casino game, parlor game etc.’ and ‘golf clubs’ have sharply declined during the period (Table 4).

Table 4: Top 10 Sports Goods Exported Globally in 2010 vis-à-vis 2019 (Value in US\$ Billion)

| HS code | Product Category | Value in 2010 | % Share in 2010 | Value in 2019 | % Share in 2019 | % CAGR (2010-19) |
|---------------------------|---|---------------|-----------------|---------------|-----------------|------------------|
| 950691 | Gymnasium and athletics equipment | 6.1 | 13.7 | 9.9 | 18.6 | 5.5 |
| 950699 | Other sports equipment | 4.2 | 9.4 | 6.4 | 12.0 | 4.8 |
| 950510 | Articles for Christmas festivities | 2.5 | 5.6 | 6.3 | 11.8 | 10.8 |
| 950490 | Other articles for casino game, parlor game etc. | 11.1 | 24.9 | 4.2 | 7.9 | -10.2 |
| 950430 | Other games, operated by coins, bank notes, bank cards | 3.5 | 7.8 | 3.7 | 6.9 | 0.6 |
| 950590 | Other festive articles | 1.0 | 2.2 | 2.7 | 5.1 | 11.7 |
| 950639 | Other golf equipment | 1.5 | 3.4 | 1.9 | 3.6 | 2.7 |
| 950629 | Other water-sport equipment (surfboards water-skis etc.) | 0.9 | 2.0 | 1.6 | 3.0 | 6.6 |
| 950890 | Others under the category of roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses | 0.8 | 1.8 | 1.6 | 3.0 | 8.0 |
| 950631 | Golf clubs | 1.7 | 3.8 | 1.5 | 2.8 | -1.4 |
| Total Sports Goods | | 44.6 | 100.0 | 53.3 | 100.0 | 2.0 |

Source: ITC Trademap; India Exim Bank Research

The sharp decline in exports of other articles for casino game, parlor game etc. was due to the declining popularity for brick-and-mortar casinos led by the growing preference for online casinos. The trend is visible across major markets for these products. For example, according to the gambling industry statistics of the UK, the gross yields (GGY)²⁶ from non-remote (or premises-based) casinos in the UK witnessed a decline of (-) 4.0 percent during April 2019-March 2020, while the remote (or online) casinos witnessed a surge of 3.7 percent during this period²⁷. The GGY from gaming machines in the non-remote casinos in the UK also dropped by 1.8 percent during April 2019-March 2020²⁸. Nevada, the casino capital of the world, also experienced a slump in revenue during the first quarter of 2019²⁹. Alongside, several states in the USA are legalizing online gambling, thereby paving the way for growth in online casinos. The Covid-19 pandemic has accelerated the growth in virtual casinos.

Online gaming is also witnessing significant growth. According to estimates, the global online gaming market has registered a CAGR of 10 percent during 2009-2018³⁰. As a result, global exports of 'games with screen, flipper and other games' has witnessed muted growth during the period under consideration.

²⁶ Gross Gambling Yields refers to the amount retained by gambling operators after the payment of winnings prior to operating cost deductions.

²⁷ Gambling Industry Statistics, Gambling Commission, Great Britain (April 2015 to March 2020)

²⁸ Ibid.

²⁹ Nevada Gaming Control Board

³⁰ Online gaming sector July 2019, Diversification and scale for online success, Edison Investment Research

Global exports of golf clubs registered a negative CAGR of (-) 1.4 percent during 2010-2019, and the share of the product in global exports of sports goods has declined from 3.8 percent in 2010 to 2.8 percent in 2019. The decline can be partly attributed to the decline in golf courses and a dip in the participation rate in the sport. According to a recent report, the number of new golf courses in the world has declined from 93 in 2014 to 51 in 2018³¹. The decline is due to subdued demand, growing real estate market and competition from alternative businesses.

Several sectors have also registered substantial growth during the period under consideration. Global exports of 'other festive articles', 'articles for Christmas festivities' and 'other items under the category of roundabouts, swings, shooting galleries and other fairground amusements' have registered robust CAGRs of 11.7 percent, 10.8 percent, and 8.0 percent, respectively. Apart from these, exports of 'other water-sport equipment (surf-boards water-skis etc.)', 'gymnasium and athletics equipment', and 'other sports equipment' also witnessed moderate CAGRs during 2010-19.

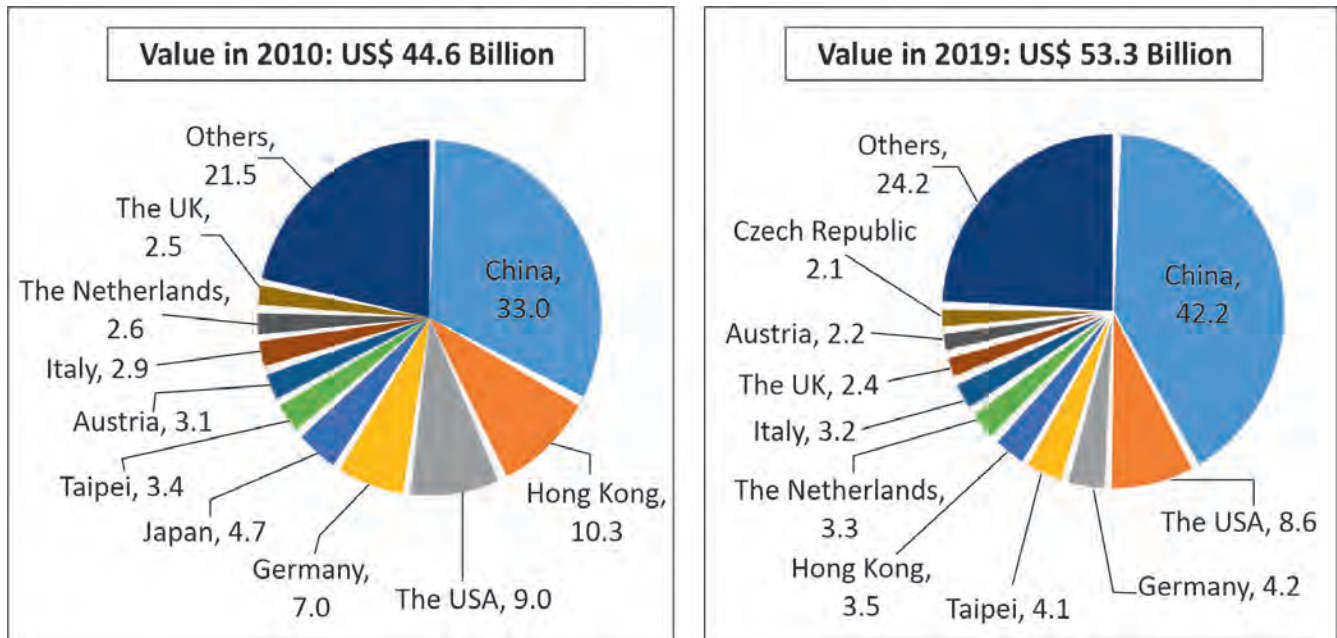
Key Exporters and Importers of Sports Goods

Geographical analysis of international trade in sports goods indicates that the top 10 exporters of sports goods accounted for nearly 75 percent of the global exports of sports goods in 2019. China was the largest exporter of sports goods in the world, accounting for a share of 42.2 percent in the global exports of sports goods in 2019, followed by the USA (share of 8.6 percent), Germany (4.2 percent), Taipei (4.1 percent), Hong Kong (3.5 percent) and the Netherlands (3.3 percent). During 2010-2019, the share of China in global exports of sports goods has increased by nearly 10 percentage points, while the shares of the USA and Germany have reduced. It is noteworthy that Japan, which was the 5th largest exporter in 2010, no longer featured among the top 10 global exporters of sports goods in 2019, while Czech Republic, which was not among the top global exporters in 2010, has become the 10th largest exporter of sports goods in 2019.

Japan had a share of 4.7 percent in global exports of sports goods during 2010, but the share was a mere 1.9 percent in 2019. Global economic slowdown and rising competition from China, Taiwan, South Korea and other Asian economies are partly responsible for the erosion of Japan's share in the exports market. Japan's loss of share in the global exports of sports goods was due to decline in its exports of 'tables for casino games, automatic bowling alley equipment, and other funfair games', with no significant increase in exports from any other segment. Exports from Japan in this category registered negative CAGR of more than 40.7 percent during 2010-2019. The share of this segment in total exports of sports goods from Japan also declined from 52.9 percent in 2010 to 1.3 percent in 2019. A similar trend was witnessed in Hong Kong, where the share of 'tables for casino games, automatic bowling alley equipment, and other funfair games' halved in 2019 as compared to 2010. Hong Kong, which was the second largest exporter of sports goods in 2010, lost its market share by 6.8 percentage points during 2010-2019 (Exhibit 6).

³¹ Golf Around the World, 2019, Edition 3

Exhibit 6: Major Exporters of Sports Goods in 2010 vis-à-vis 2019 (Share in %)



Source: ITC Trademap, India Exim Bank Research

Analysis of major exporters in the broad categories of sports goods suggests that China was the largest exporter in all except one category viz. sporting, hunting or target-shooting shotguns. Besides China, Germany and the USA also featured among the top 5 exporters in several categories of sports goods, in both 2010 and 2019 (Table 5).

A significant increase is recorded in export of tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) from Vietnam. Vietnam was the 12th largest exporter of inflatable balls in 2010 and became the fourth largest exporter in 2019, as a result of trade diversion in the USA market. The USA was the largest importer of inflatable balls from China, and the USA-China trade war has led to trade diversion for inflatable balls away from China to other sources like Vietnam. Consequently, exports of inflatable balls from Vietnam registered a robust CAGR of 22.1 percent during 2010-2019.

Table 5: Category-Wise Top Exporters of Sports Goods in 2010 vis-à-vis 2019 (Value in US\$ Million)

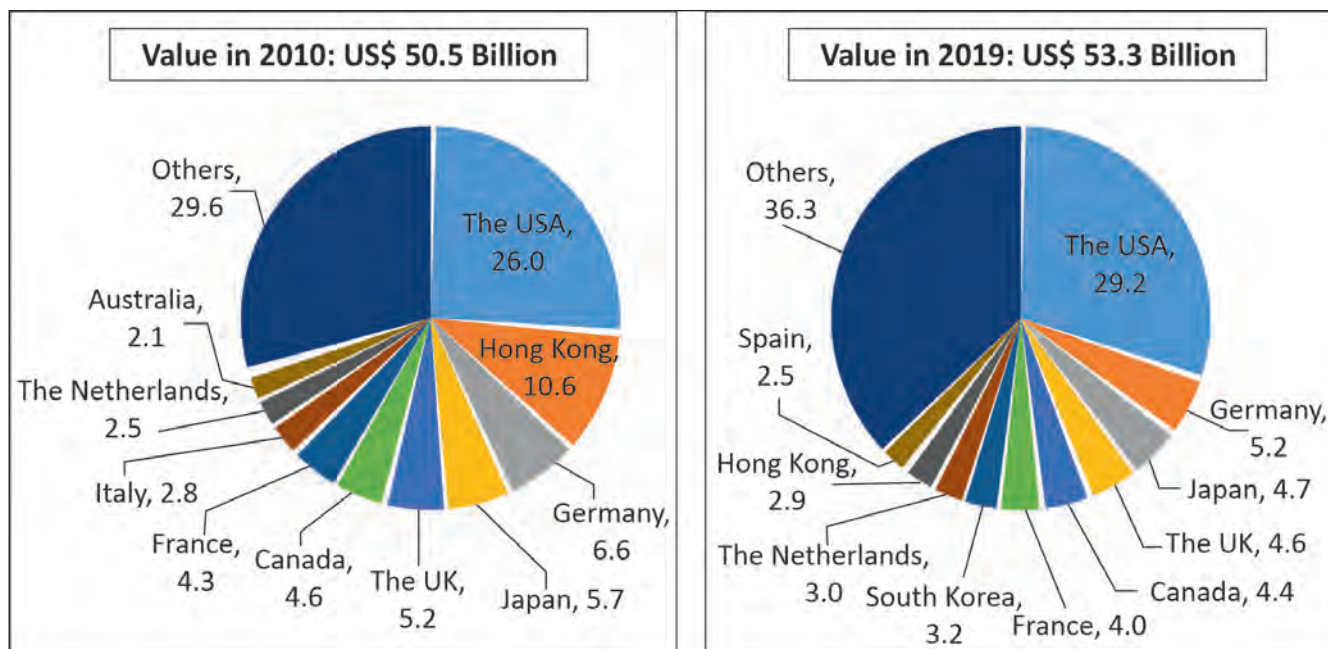
| Category/ Exporters | Value in 2010 | Value in 2019 | CAGR (2010-19) | % Share in 2019 |
|---|----------------|----------------|----------------|-----------------|
| Athletics and Gymnasium Equipment | 10291.0 | 16303.2 | 5.2 | 100.0 |
| China | 4598.0 | 7667.0 | 5.8 | 47.0 |
| The USA | 1047.5 | 1342.9 | 2.8 | 8.2 |
| Taipei | 860.9 | 1291.0 | 4.6 | 7.9 |
| Germany | 466.6 | 678.7 | 4.3 | 4.2 |
| Italy | 402.1 | 647.6 | 5.4 | 4.0 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 16414.6 | 11405.4 | -4.0 | 100.0 |
| China | 3721.4 | 2397.3 | -4.8 | 21.0 |
| The USA | 1756.1 | 2053.7 | 1.8 | 18.0 |
| Germany | 1873.2 | 819.4 | -8.8 | 7.2 |
| Hong Kong | 2878.0 | 755.6 | -13.8 | 6.6 |
| Czech Republic | 562.9 | 595.3 | 0.6 | 5.2 |
| Festive Articles | 3488.8 | 8963.3 | 11.1 | 100.0 |
| China | 1972.0 | 7142.4 | 15.4 | 79.7 |
| The Netherlands | 158.0 | 385.1 | 10.4 | 4.3 |
| The USA | 159.2 | 226.3 | 4.0 | 2.5 |
| Germany | 102.8 | 226.3 | 9.2 | 1.4 |
| Poland | 31.2 | 113.3 | 15.4 | 1.3 |
| Golf clubs and other golf equipment | 3863.3 | 4040.0 | 0.5 | 100.0 |
| China | 1129.0 | 958.5 | -1.8 | 23.7 |
| Hong Kong | 761.5 | 617.5 | -2.3 | 15.3 |
| The USA | 539.0 | 469.3 | -1.5 | 11.6 |
| Taipei | 263.0 | 418.0 | 5.3 | 10.3 |
| Japan | 397.9 | 351.4 | -1.4 | 8.7 |
| Fishing equipment | 2489.6 | 3295.6 | 3.2 | 100.0 |
| China | 999.8 | 1469.7 | 4.4 | 44.6 |
| Japan | 224.4 | 264.9 | 1.9 | 8.0 |
| Malaysia | 87.3 | 141.2 | 5.5 | 4.3 |
| The USA | 157.3 | 140.8 | -1.2 | 4.3 |
| Vietnam | 51.3 | 118.5 | 9.7 | 3.6 |
| Ski and Skating Equipment | 3088.1 | 3138.1 | 0.2 | 100.0 |
| China | 670.5 | 598.0 | -1.3 | 19.1 |
| Austria | 486.5 | 543.2 | 1.2 | 17.3 |
| Germany | 239.1 | 219.7 | -0.9 | 7.0 |

| Category/ Exporters | Value in 2010 | Value in 2019 | CAGR (2010-19) | % Share in 2019 |
|---|---------------|---------------|----------------|-----------------|
| France | 241.5 | 200.5 | -2.0 | 6.4 |
| Italy | 177.3 | 178.2 | 0.1 | 5.7 |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | 1932.5 | 2047.0 | 0.6 | 100.0 |
| China | 945.9 | 962.5 | 0.2 | 47.0 |
| Pakistan | 172.8 | 183.6 | 0.7 | 9.0 |
| Thailand | 138.1 | 174.1 | 2.6 | 8.5 |
| Vietnam | 20.8 | 125.9 | 22.1 | 6.2 |
| Germany | 150.0 | 101.7 | -4.2 | 5.0 |
| Water Sports Equipment | 946.1 | 1722.9 | 6.9 | 100.0 |
| China | 225.8 | 716.9 | 13.7 | 41.6 |
| Italy | 116.0 | 120.8 | 0.5 | 7.0 |
| The USA | 118.0 | 104.7 | -1.3 | 6.1 |
| France | 54.1 | 88.3 | 5.6 | 5.1 |
| Thailand | 69.8 | 74.5 | 0.7 | 4.3 |
| Sporting, hunting or target-shooting shotguns | 1000.9 | 1156.6 | 1.6 | 100.0 |
| Italy | 234.2 | 285.7 | 2.2 | 24.7 |
| Brazil | 175.3 | 155.4 | -1.3 | 13.4 |
| Turkey | 56.0 | 138.4 | 10.6 | 12.0 |
| The USA | 112.6 | 118.0 | 0.5 | 10.2 |
| Germany | 103.1 | 86.4 | -1.9 | 7.5 |
| Articles and equipment for table tennis, tennis, badminton and similar rackets | 926.6 | 909.4 | -0.2 | 100.0 |
| China | 372.6 | 399.5 | 0.8 | 43.9 |
| Hong Kong | 173.7 | 79.2 | -8.4 | 8.7 |
| Germany | 80.2 | 73.8 | -0.9 | 8.1 |
| France | 71.8 | 64.3 | -1.2 | 7.1 |
| Japan | 43.6 | 64.3 | 4.4 | 7.1 |
| Billiards and accessories | 194.2 | 298.2 | 4.9 | 100.0 |
| China | 76.1 | 164.6 | 9.0 | 55.2 |
| The USA | 14.3 | 18.2 | 2.7 | 6.1 |
| Belgium | 21.2 | 18.1 | -1.7 | 6.1 |
| The UK | 10.8 | 14.9 | 3.6 | 5.0 |
| Italy | 6.1 | 8.4 | 3.6 | 2.8 |

Source: ITC Trademap; India Exim Bank Research

The top 10 global importers of sports goods accounted for nearly two-third of the total imports of sports goods in 2019. The USA was the largest importer of sports goods globally, accounting for a share of 29.2 percent in the global imports of sports goods during 2019 (Exhibit 7). Share of the USA in global imports of sports goods has increased by nearly 3.2 percentage points over the period 2010-2019. Other major importers of sports goods include Germany (share of 5.2 percent), Japan (4.7 percent), the UK (4.6 percent), Canada (4.4 percent), France (4.0 percent), and South Korea (3.2 percent). It is noteworthy that the share of Hong Kong in the global imports of sports goods has significantly declined over the period under consideration, by nearly 7.7 percentage points. Meanwhile, South Korea and Spain have emerged as the top importers in 2019.

Exhibit 7: Major Importers of Sports Goods in 2010 vis-à-vis 2019 (Share in %)



Source: ITC Trademap; India Exim Bank Research

The USA is the topmost importer in all broad categories of sports goods. Besides the USA, Germany, the UK and Canada also featured among the top 5 importers in several product categories, in both 2010 and 2019 (Table 6). South Korea’s imports in some categories have witnessed robust growth. In the categories of fishing equipment, and billiards and accessories, imports by South Korea recorded double-digit CAGRs of 13.1 percent and 13.0 percent, respectively.

Table 6: Category-wise Top Importers of Sports Goods in 2010 vis-à-vis 2019 (Value in US\$ Million)

| Category/ Importers | Value in 2010 | Value in 2019 | CAGR (2010-19) | % Share in 2019 |
|---|----------------|----------------|----------------|-----------------|
| Athletics and Gymnasium Equipment | 11233.2 | 16829.2 | 4.6 | 100.0 |
| The USA | 3218.6 | 4670.5 | 4.2 | 27.8 |
| Germany | 614.5 | 1133.1 | 7.0 | 6.7 |
| The UK | 691.9 | 795.9 | 1.6 | 4.7 |
| Canada | 698.5 | 776.2 | 1.2 | 4.6 |
| France | 534.4 | 730.7 | 3.5 | 4.3 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 19306.0 | 11764.9 | -5.4 | 100.0 |
| The USA | 4028.7 | 2601.7 | -4.7 | 22.1 |
| Canada | 730.1 | 613.5 | -1.9 | 5.2 |
| China | 257.3 | 583.8 | 9.5 | 5.0 |
| Germany | 1818.3 | 565.5 | -12.2 | 4.8 |
| The UK | 805.0 | 528.9 | -4.6 | 4.5 |
| Festive Articles | 5619.9 | 7902.7 | 3.9 | 100.0 |
| The USA | 2631.8 | 4221.9 | 5.4 | 53.4 |
| The UK | 400.8 | 429.9 | 0.8 | 5.4 |
| Canada | 307.0 | 351.9 | 1.5 | 4.5 |
| Germany | 236.0 | 271.9 | 1.6 | 3.4 |
| The Netherlands | 135.8 | 257.9 | 7.4 | 3.3 |
| Golf clubs and other golf equipment | 4345.0 | 4561.9 | 0.5 | 100.0 |
| The USA | 1003.9 | 1116.5 | 1.2 | 24.5 |
| Japan | 723.9 | 711.0 | -0.2 | 15.6 |
| Hong Kong | 744.1 | 619.9 | -2.0 | 13.6 |
| South Korea | 344.9 | 454.4 | 3.1 | 10.0 |
| The UK | 347.8 | 325.2 | -0.7 | 7.1 |
| Fishing equipment | 2414.9 | 3129.6 | 2.9 | 100.0 |
| The USA | 562.7 | 810.0 | 4.1 | 25.9 |
| Japan | 296.4 | 428.1 | 4.2 | 13.7 |
| South Korea | 50.4 | 153.2 | 13.1 | 4.9 |
| Singapore | 109.4 | 115.3 | 0.6 | 3.7 |
| France | 93.1 | 109.4 | 1.8 | 3.5 |
| Ski and Skating Equipment | 2907.4 | 2845.8 | -0.2 | 100.0 |
| The USA | 530.9 | 607.5 | 1.5 | 21.3 |
| Austria | 211.0 | 307.7 | 4.3 | 10.8 |
| Germany | 271.0 | 231.5 | -1.7 | 8.1 |

| Category/ Importers | Value in 2010 | Value in 2019 | CAGR (2010-19) | % Share in 2019 |
|---|---------------|---------------|----------------|-----------------|
| France | 265.8 | 184.6 | -4.0 | 6.5 |
| Italy | 184.6 | 162.0 | -1.4 | 5.7 |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | 1738.0 | 1917.6 | 1.1 | 100.0 |
| The USA | 397.1 | 448.3 | 1.4 | 23.4 |
| Germany | 122.3 | 133.6 | 1.0 | 7.0 |
| France | 89.8 | 105.9 | 1.8 | 5.5 |
| The UK | 98.9 | 93.0 | -0.7 | 4.8 |
| Japan | 79.9 | 80.4 | 0.1 | 4.2 |
| Water Sports Equipment | 994.8 | 1743.6 | 6.4 | 100 |
| The USA | 289.1 | 462.0 | 5.3 | 26.5 |
| France | 81.0 | 164.6 | 8.2 | 9.4 |
| Germany | 56.5 | 145.9 | 11.1 | 8.4 |
| The Netherlands | 24.4 | 77.9 | 13.8 | 4.5 |
| Spain | 41.6 | 70.7 | 6.1 | 4.1 |
| Sporting, hunting or target-shooting shotguns | 786.3 | 1401.1 | 6.6 | 100.0 |
| The USA | 269.6 | 440.8 | 5.6 | 31.5 |
| Canada | 59.6 | 81.2 | 3.5 | 5.8 |
| France | 57.9 | 53.0 | -1.0 | 3.8 |
| The UK | 33.8 | 47.2 | 3.8 | 3.4 |
| Belgium | 27.6 | 38.1 | 3.6 | 2.7 |
| Articles and equipment for table tennis, tennis, badminton and similar rackets | 970.7 | 961.8 | -0.1 | 100.0 |
| The USA | 148.6 | 124.5 | -1.9 | 12.9 |
| Hong Kong | 140.6 | 70.4 | -7.4 | 7.3 |
| France | 77.8 | 67.3 | -1.6 | 7.0 |
| Germany | 43.5 | 65.8 | 4.7 | 6.8 |
| Spain | 48.4 | 55.9 | 1.6 | 5.8 |
| Billiards and accessories | 233.1 | 258.0 | 1.1 | 100.0 |
| The USA | 64.8 | 80.5 | 2.4 | 31.2 |
| Italy | 5.0 | 18.3 | 15.5 | 7.1 |
| South Korea | 4.9 | 14.7 | 13.0 | 5.7 |
| The UK | 19.1 | 14.1 | -3.3 | 5.5 |
| France | 13.0 | 12.4 | -0.5 | 4.8 |

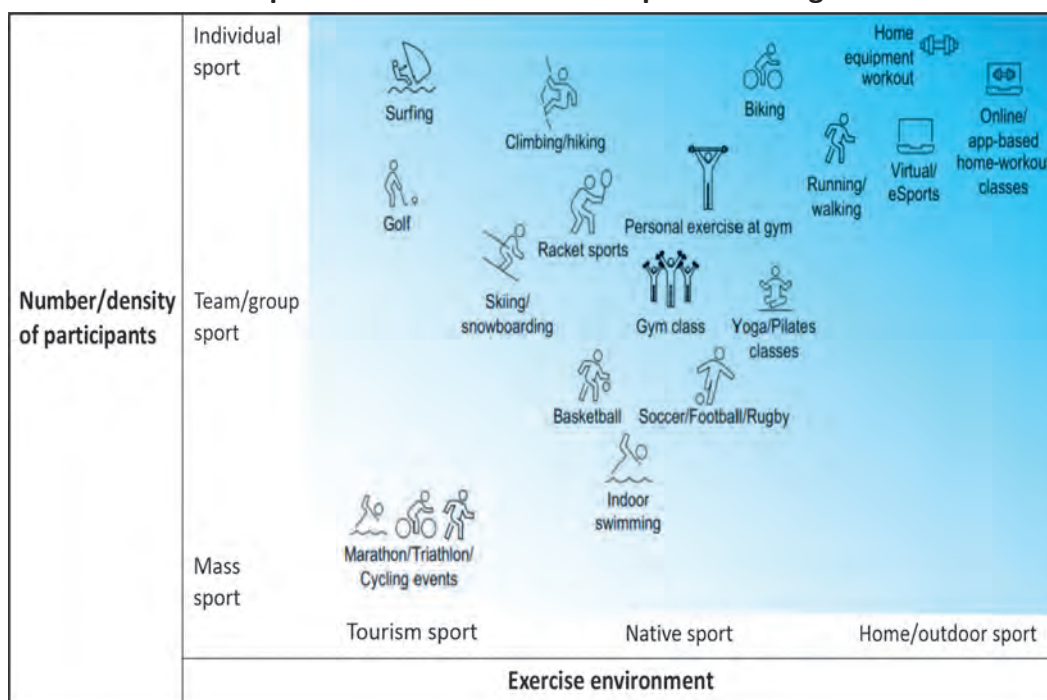
Source: ITC Trademap; India Exim Bank Research

IMPACT OF COVID-19 ON THE GLOBAL SPORTS GOODS INDUSTRY

The global economy was already reeling under an economic slowdown, when it was hit by the Covid-19 pandemic towards the end of 2019. According to the World Bank’s Global Economic Prospects (2020), Covid-19 is the most adverse peacetime shock to the global economy in a century. With sliding global growth, almost all economies and sectors around the globe faced drastic decline in economic activity for the first time since the financial crisis. The impact of pandemic-induced disruptions was visible in the sports industry as well.

The impact of pandemic-induced lockdown differed across indoor and outdoor sports, as well as individual and team sports. Analysis of participation level based on the type of sports indicates that the impact of Covid-19 varies across different sports, depending on the density of participants and the exercise environment (Exhibit 8). Individual and indoor sports have witnessed higher participation level than outdoor and group sports, mainly due to lockdown related restrictions in outdoor movement, as well as safe distancing norms. Biking, running/ walking, virtual e-sports and home equipment are few sports that witnessed higher participation levels during the pandemic.

Exhibit 8: Sports-wise Consumer Participation During Covid-19



Source: McKinsey & Company

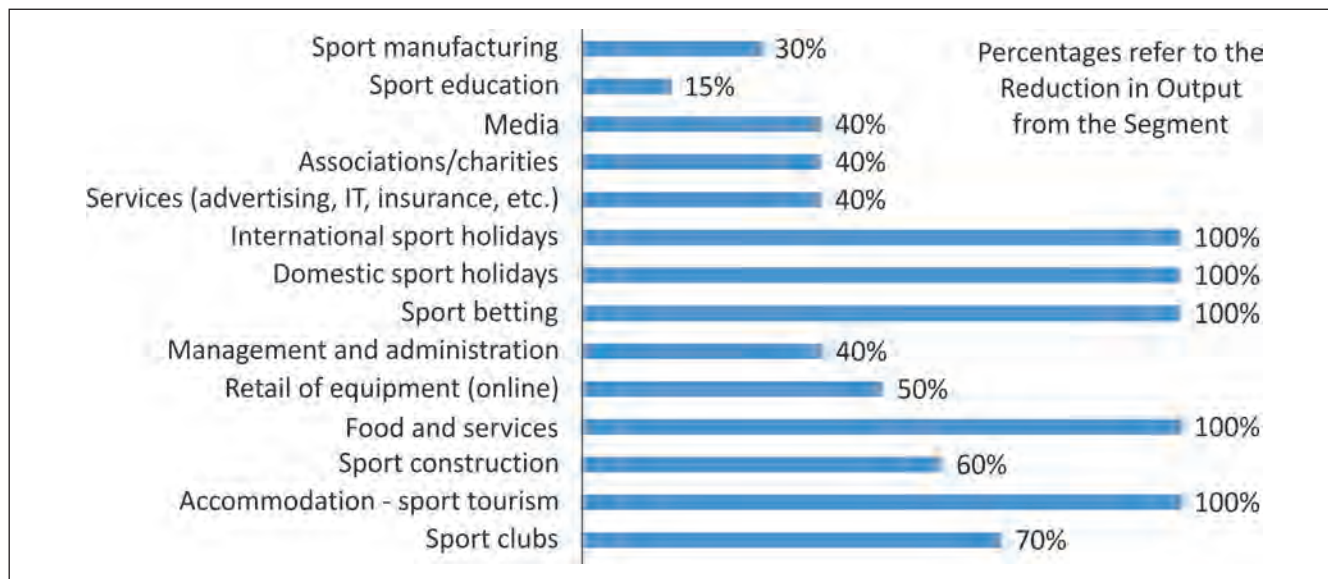
Note: Participation level during the pandemic in descending order from dark to light

The output of the sports industry is estimated to have declined by nearly 65-70 percent during 2020³². Sports tourism and hospitality services were the worst hit segments, witnessing a 100 percent decline in

³² Resourcing the Sustainability and Recovery of the Sport Sector during the Coronavirus Pandemic, The Commonwealth Secretariat, 2020

output during the lockdown. However, the impact of lockdown on sports manufacturing was relatively less adverse, with output declining by 30 percent (Exhibit 9). Although manufacturing units in the sports goods industry witnessed significant decline in market revenues in the early months of the pandemic³³, they outperformed the wider sports market as the year progressed.

Exhibit 9: Industry-wise Effect of Lockdown on Sports Output during 2020 (%)



Source: Resourcing the Sustainability and Recovery of the Sport Sector during the Coronavirus Pandemic, The Commonwealth Secretariat, 2020

With sporting events around the world being either delayed or cancelled, merchandise sales have plunged to new lows. Depressed household incomes and closed shops during the pandemic left consumers with less cash to spend and fewer opportunities to shop. As a result, the market for sports goods industry shrank by around 7 percent in 2020³⁴. The impact was largely uniform across geographies, with contraction in market ranging between (-) 7 to (-) 12 percent. However, China emerged as an exception, owing to its faster recovery than other countries, and witnessed a rise in market share to around 14 percent in 2020, up from 10 percent in 2015³⁵.

The contribution of sports to GDP was also subdued. Most commonwealth countries witnessed decline in country's GDP and sports GDP³⁶, with the decline in sports GDP being higher than the overall decline in GDP in several cases. For instance, India witnessed a decline of 8 percent in GDP in 2020, but the sports GDP of India is expected to have declined by 10 percent. Meanwhile, few developing countries witnessed decline in sports GDP irrespective of the growth in overall GDP (Exhibit 10).

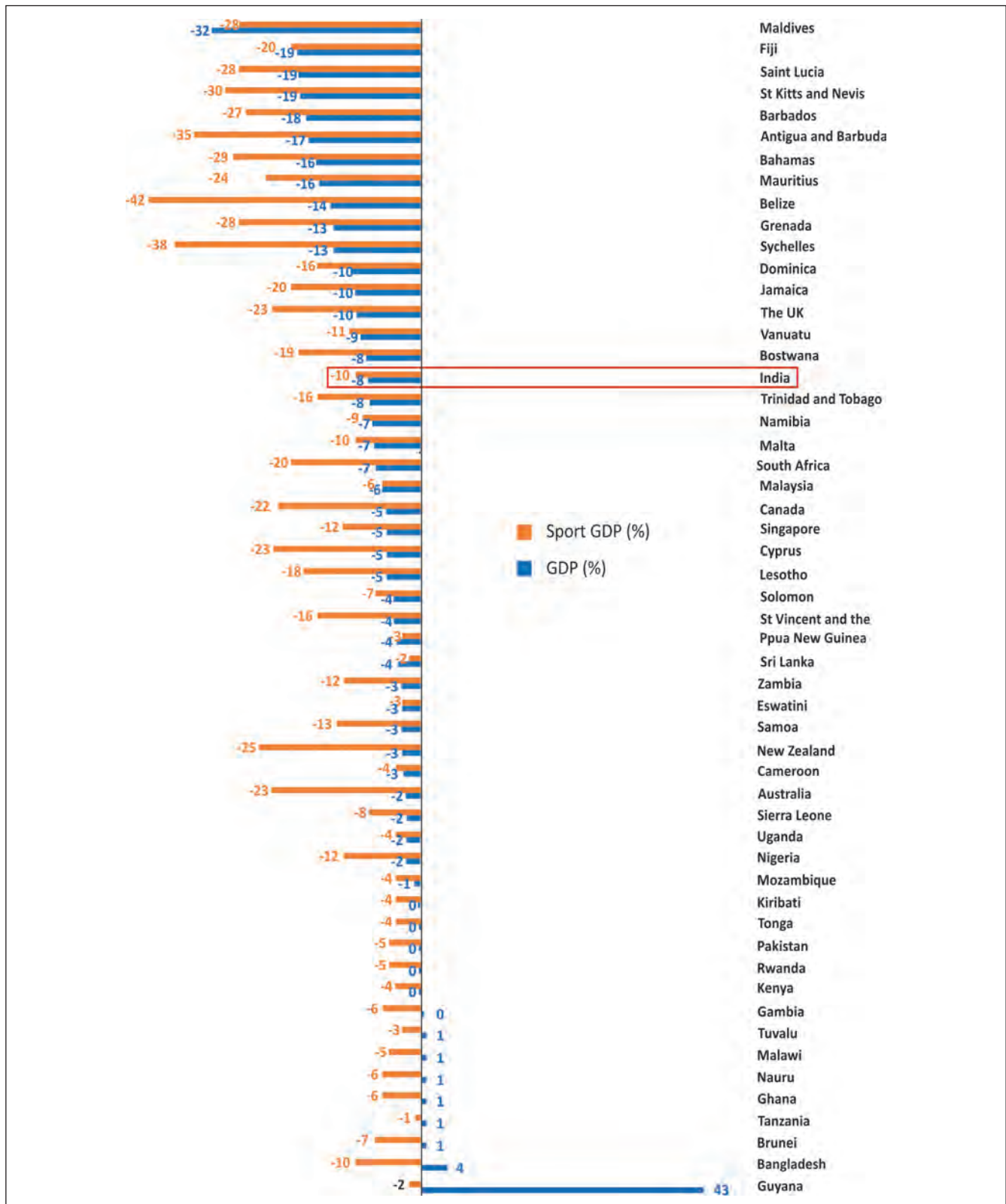
³³ Sporting Goods 2021, McKinsey and Company

³⁴ Ibid

³⁵ Ibid

³⁶ Sports GDP refers to the contribution of sports to GDP in value terms

Exhibit 10: Changes in GDP and Sports GDP in Commonwealth Countries in 2020



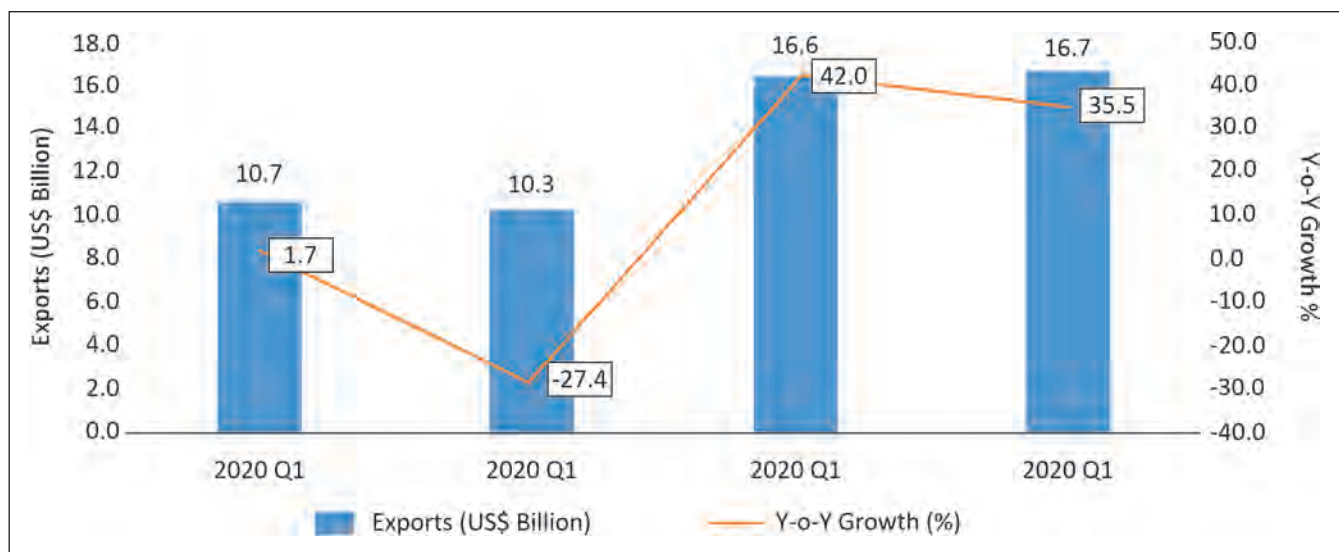
Note: Values as per latest estimates by IMF (April WEO 2021), GDP at constant prices; Sports GDP is as estimated by SIRC

Source: IMF WEO April 2021, SIRC

The sales channel for sports goods also witnessed a transformation during the pandemic. Digital channels prospered as compared to physical channels, and online sales rebounded as many consumers tried to find ways to stay active and healthy in their new environment. In May 2020, digital sales escalated by 20 percent than before the pandemic, and faded to around 10 percent by August, when retail stores began to reopen³⁷.

As demand for sports goods declined, the global trade in sports also witnessed a major dip. Global exports of sports goods registered a year-on-year decline of (-) 27.4 percent in the second quarter of 2020, but eventually recovered due to partial re-opening of few Asian countries and relief packages announced across countries to revive sports businesses (Exhibit 11). For example, Czech Republic extended an additional package of CZK 28.4 billion (Approx. US\$ 1.3 billion) for supporting sports, culture, tourism, transport, restaurants, agriculture, and other closed sectors. The country also reduced VAT rate to 10 percent for accommodation, sports and culture. Similar packages were also announced in Sweden (SEK 136 billion), Switzerland (CHF 1.048 billion) and Bulgaria (BGN 343 million)³⁸.

Exhibit 11: Quarterly Exports of Sports Goods in the World during Covid-19



Note: Values are approximations as per calculations by India Exim Bank

Source: ITC Trademap; India Exim Bank Research

CONCLUSION

Analysis in the chapter indicates that the market for sports goods is largely concentrated in the advanced economies of North America and Europe, and a few large developing economies. Over the period under consideration, the demand scenario has greatly altered across the world, with several sports goods being replaced by digital alternatives. The Covid-19 pandemic has further accelerated this trend.

³⁷ Sporting Goods 2021, McKinsey and Company

³⁸ Relief package includes total benefits for sports, cultural and tourism sectors only; Source: Fiscal Monitor: Database of Country Fiscal Measures in Response to the COVID-19 Pandemic, IMF Estimates

Notwithstanding the disruptions, sports goods sector has significant potential for growth, especially for developing countries which are among the top suppliers in several categories. While China's hegemony in the international market for sports goods is difficult to contest, it is increasingly facing stiff competition across certain product categories from low-cost manufacturing destinations like Vietnam. Trade diversions away from China can be capitalized by other developing countries, including India, to bolster their position in the international market for sports goods.



3 CHAPTER

Indian Scenario of Sports Goods Industry

SPORTS GOODS INDUSTRY OF INDIA

The sports goods industry in India is more than a century old. Production of sports goods in India began in 1883 at Sialkot (currently in Pakistan). After the partition of the country in 1947, several artisans moved to Punjab, India, particularly to the regions of Batala, Jalandhar, Ludhiana, etc. Over the years, Jalandhar grew as a hub of sports goods industry and is among the largest sports goods clusters in the country. Apart from Jalandhar, Meerut (Uttar Pradesh), Agra (Uttar Pradesh), Anantanag (Kashmir) and Uluberia (West Bengal) are some of the other important manufacturing clusters in India, specializing in various products (Table 7). The industry in India has around 1000 manufacturing units, with more than 250 exporting units³⁹. Production is highly concentrated in the clusters of Meerut and Jalandhar. Together, these two clusters cover nearly two-third of the total sports goods production in the country⁴⁰.

Table 7: Sports Goods Manufacturing Clusters in India

| Cluster | Sports Product |
|----------------------|--|
| Jalandhar | Inflatable balls, badminton racquets, shuttlecocks, cricket and hockey equipment, protective gear, swimwear, skating equipment, etc. |
| Meerut | Cricket and boxing equipment, badminton racquets, athletics and gymnastic equipment, swimwear, inflatable balls, hockey, table tennis equipment, skating equipment, etc. |
| Ludhiana | Bicycles, hiking and mountaineering equipment |
| Bijbehara, Anantanag | Cricket bats |
| Moradabad | Sports shields, trophies, cups, etc. |

³⁹ Sports Goods Export Promotion Council

⁴⁰ Indian Leather and Sports Goods Industry and Impact of COVID-19, June 8 2020

| Cluster | Sports Product |
|----------|--|
| Delhi | Sports goods, apparel, shoes, kit bags, skating and ski equipment, hiking and mountaineering equipment, swimwear, etc. |
| Gurugram | Golf equipment, Board games |
| Chennai | Sports apparel, footwear and some goods |
| Kolkata | Sports apparel, fishing equipment and shoes |
| Agra | Sports shoes |
| Mumbai | Sports apparel, bags and kits, trophies and cups, ski equipment, hiking and mountaineering equipment, swimwear, etc. |
| Pune | Skating equipment |
| Uluberia | Shuttlecock for Badminton |

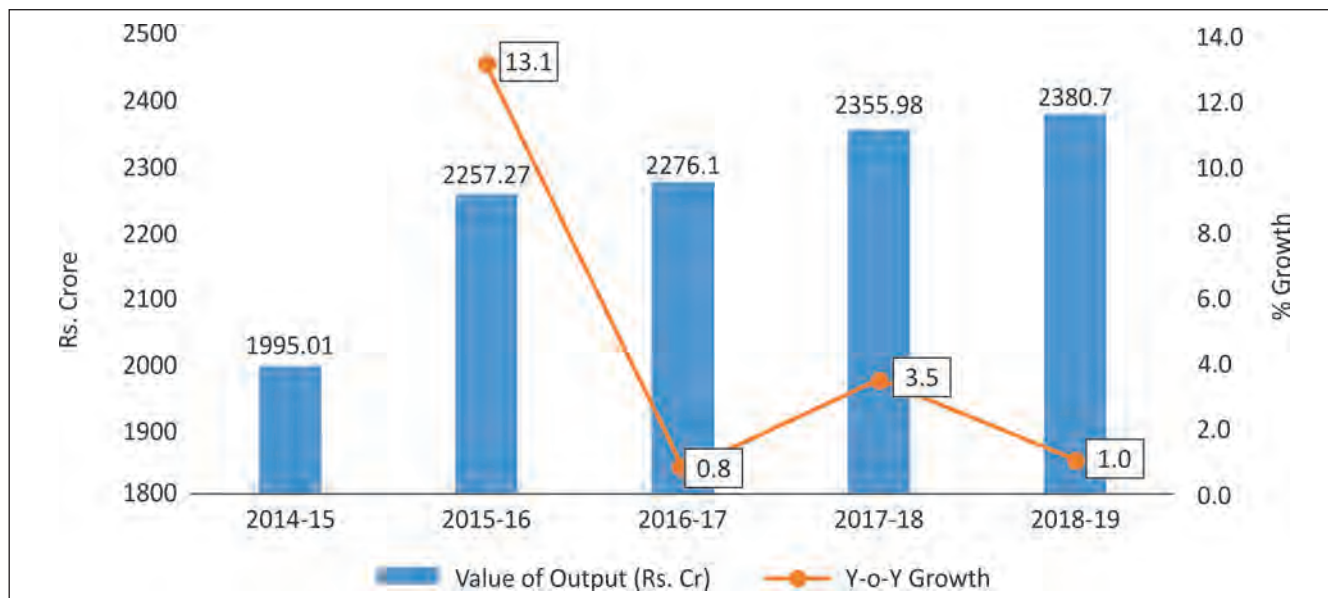
Source: Compiled from various sources⁴¹, India Exim Bank Research

PRODUCTION SCENARIO

India currently manufactures more than 300 types of sports goods and is one of the largest manufacturers in Asia, after China and Japan. The manufacturing process is labour intensive, providing employment to more than 500,000 people.

Over the recent years, production of sports goods in India has witnessed a healthy growth, registering a CAGR of 4.5 percent during 2014-15 to 2018-19. The value of production of sports goods was estimated at Rs. 2,380.7 crore in 2018-19 (Exhibit 12). Production is highly concentrated in a few states. Analysis

Exhibit 12: Value of Production of Sports Goods in India

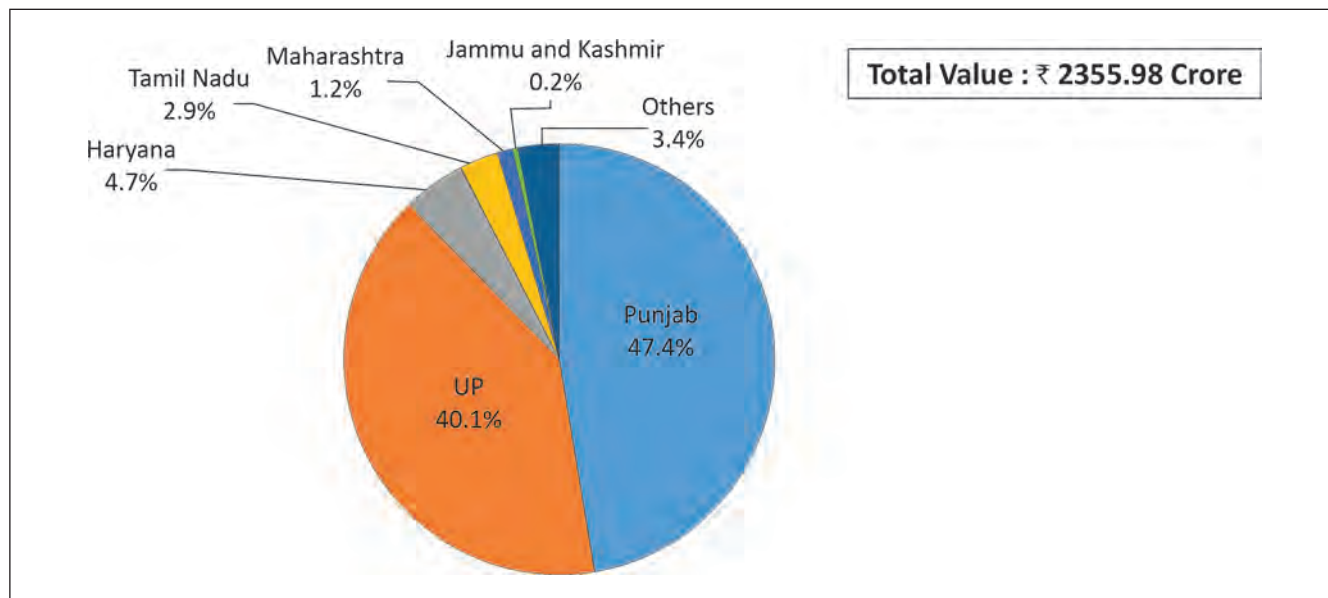


Source: Annual Survey of Industries; India Exim Bank Research

⁴¹ Sports Retailing in India: Opportunities, Constraints and Way Forward, ICRIER, 2010; Cost and Return Analysis of Cricket Bats Manufacturing Industry in Kashmir Valley of India, 2014; Sports Goods Manufacturers and Exporter Association Website; 'The sports goods industry of India', UK Essays, 2017

indicates that nearly 47.4 percent of the total sports goods output in 2017-18 originated from Punjab, followed by Uttar Pradesh (share of 40.1 percent), Haryana (4.7 percent), Tamil Nadu (2.9 percent), and Maharashtra (1.2 percent) (Exhibit 13).

Exhibit 13: State-wise Production of Sports Goods in India (2017-18)



Source: Annual Survey of Industries 2017-18; India Exim Bank Research

INTERNATIONAL TRADE SCENARIO

Indian sports goods are popular around the world and have made a mark in the global sports goods market. While the industry in India is export-oriented and exports nearly 60 percent of its total output⁴², the value of exports is low, and the sector accounted for only 0.09 percent of India's merchandise exports during 2019-20. The value of exports is also low when compared to the global market size. India was the 24th largest exporter of sports goods in the world in 2019, accounting for 0.56 percent of the world exports of sports goods during the year.

During 2010 to 2019, India has witnessed intermittent periods of rise and fall in the exports of sports goods. During 2011-2014, India's exports of sports goods witnessed higher y-o-y growth as compared to the growth in global exports of sports goods, leading to a slight increase in the share of India in global exports. Subsequently, during 2015 and 2016, there was a dip in India's exports of sports goods, which was larger than the decline in global exports of sports goods. Growth in exports of these products from India recovered and remained positive from 2017 onwards till 2019. In spite of the periods of decline and marginal growth rates in the intervening years, share of India in world exports of sports goods has increased steadily from 0.36 percent in 2010 to 0.56 percent in 2019 (Table 8).

⁴² IBEF

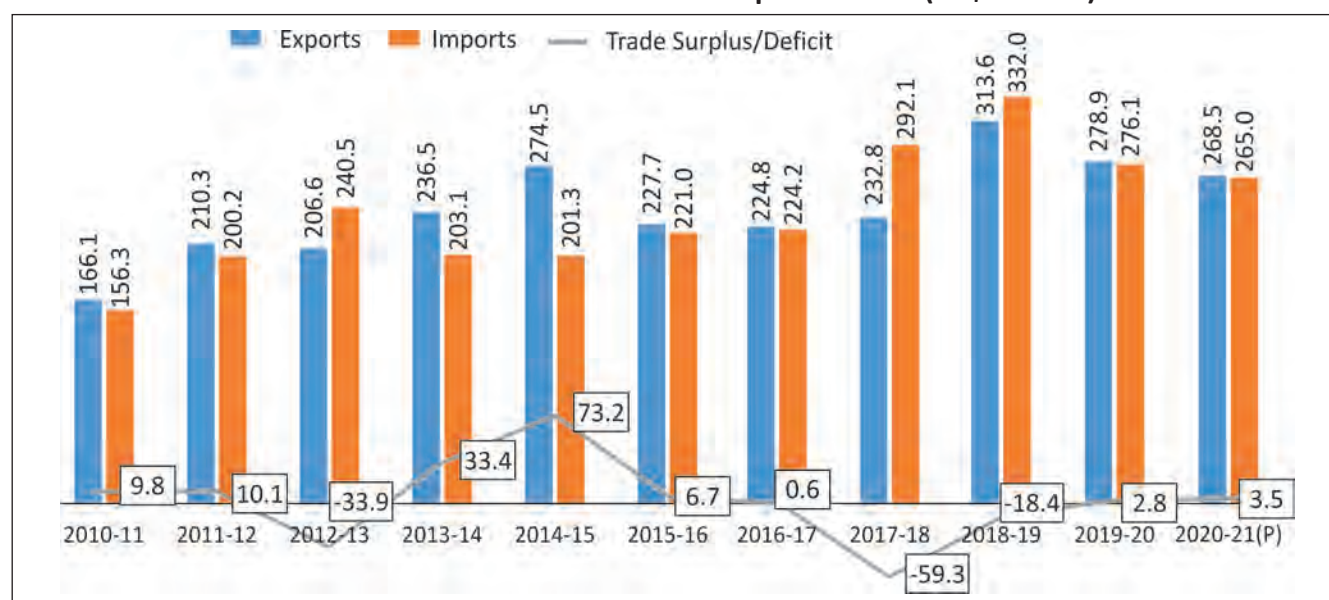
Table 8: Comparison of India's Exports vis-à-vis Global Exports of Sports Goods

| Year | World Exports | India's Exports | Y-o-Y Growth (%) | | India's Share in World Exports (%) |
|------|---------------|-----------------|------------------|--------|------------------------------------|
| | US\$ Million | | World | India | |
| 2010 | 44635.62 | 162.06 | | | 0.36 |
| 2011 | 52303.15 | 199.65 | 17.18 | 23.20 | 0.38 |
| 2012 | 47489.63 | 208.83 | -9.20 | 4.60 | 0.44 |
| 2013 | 47470.04 | 230.43 | -0.04 | 10.34 | 0.49 |
| 2014 | 48083.68 | 275.62 | 1.29 | 19.61 | 0.57 |
| 2015 | 45975.98 | 238.88 | -4.38 | -13.33 | 0.52 |
| 2016 | 44211.53 | 223.22 | -3.84 | -6.56 | 0.50 |
| 2017 | 49609.63 | 228.08 | 12.21 | 2.18 | 0.46 |
| 2018 | 52454.06 | 295.88 | 5.73 | 29.73 | 0.56 |
| 2019 | 53279.64 | 297.06 | 1.57 | 0.40 | 0.56 |

Source: ITC Trade Map, DCGIS, India Exim Bank Research

India's exports of sports goods reached US\$ 278.9 million in 2019-20, up from US\$ 166.1 million in 2010-11, recording a CAGR of 5.9 percent during the period. Meanwhile, India's imports of sports goods have increased more rapidly during the same period, registering a CAGR of 6.5 percent between 2010-11 and 2019-20. Consequently, India's trade surplus has declined from US\$ 9.8 million in 2010-11 to US\$ 2.8 million in 2019-20. In fact, during 2017-18 and 2018-19, the sector also recorded a trade deficit (Exhibit 14). During the period under consideration, significant decline in trade surplus were recorded in the categories of 'ski and skating equipment', 'tennis balls, inflatable balls, other balls (excluding golf balls, and table tennis balls)', 'fishing equipment', and 'athletics and gymnasium equipment'.

Exhibit 14: Trends in India's Trade in Sports Goods (US\$ Million)



P- Provisional

Source: DGCIS, India Exim Bank Research

During 2020-21, there was a decline in India's trade in sports goods, due to Covid-19 related slowdown. Exports of sports goods from India registered a y-o-y decline of (-) 3.7 percent, while imports declined by (-) 4.0 percent during 2020-21. During the year, trade surplus in the sector increased to US\$ 3.5 million.

Key Segments of Sports Goods Exports

Athletics and gymnasium equipment was the largest category of sports goods exports from India in 2019-20 (Table 9). During 2010-11 to 2019-20, the segments which registered robust growth in exports from the country include articles and equipment for table tennis, tennis, badminton, and similar rackets (CAGR of 45.9 percent), festive articles (23.6 percent), equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. (14.7 percent) and athletics and gymnasium equipment (5.8 percent).

Exports of 'tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls)' from India registered a negative CAGR of (-) 3.0 percent during the period 2010-11 to 2019-20. This is a traditional area of competence for Indian exporters, but India has lost its ground in the market for these products. India had a share of 2.0 percent in global exports of these products in 2019 (Table 9), much below its share of nearly 2.6 percent in 2010.

India's competitiveness in exports of articles and equipment for table tennis, tennis, badminton, and similar rackets has increased during the period under consideration, with exports increasing thirty-fold. India's share in the global market for these products has also steadily increased to 1.2 percent in 2019.

Table 9: Broad Category-wise Sports Goods Exports from India in 2010-11 vis-à-vis 2019-20
(Value in US\$ Million)

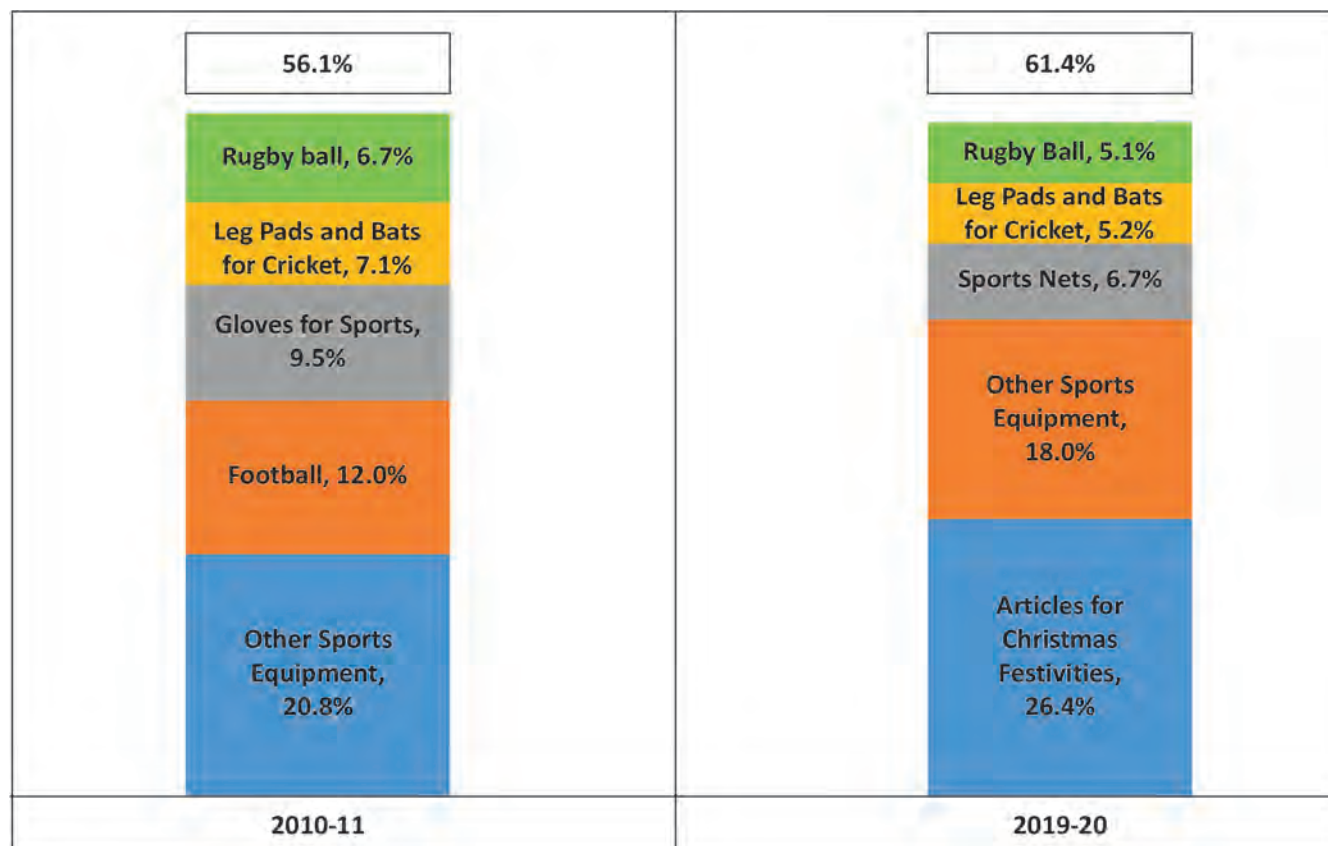
| Category | Value in 2010-11 | Value in 2019-20 | % CAGR (FY11-FY20) | % Share in India's Exports of Sports Goods (2019-20) | % Share of India in World Exports (2019) |
|--|------------------|------------------|--------------------|--|--|
| Athletics and Gymnasium Equipment | 63.2 | 105.1 | 5.8 | 37.7 | 0.7 |
| Festive Articles | 12.1 | 81.7 | 23.6 | 29.3 | 0.9 |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | 49.1 | 37.3 | -3.0 | 13.4 | 2.0 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 9.1 | 31.3 | 14.7 | 11.2 | 0.3 |
| Fishing equipment | 8.8 | 7.6 | -1.6 | 2.7 | 0.2 |
| Ski and Skating Equipment | 17.1 | 6.1 | -10.8 | 2.2 | 0.2 |
| Articles and equipment for table tennis, tennis, badminton, and similar rackets | 0.2 | 6.0 | 45.9 | 2.1 | 1.2 |

| Category | Value in 2010-11 | Value in 2019-20 | % CAGR (FY11-FY20) | % Share in India's Exports of Sports Goods (2019-20) | % Share of India in World Exports (2019) |
|---|------------------|------------------|--------------------|--|--|
| Water Sports Equipment | 3.1 | 3.1 | 0.0 | 1.1 | 0.2 |
| Billiards and accessories | 1.7 | 0.3 | -17.5 | 0.1 | 0.1 |
| Golf clubs and other golf equipment | 0.0 | 0.2 | - | 0.1 | 0.0 |
| Sporting, hunting or target-shooting shotguns | 1.7 | 0.0 | -100.0 | 0.00 | 0.0 |
| Total Sports Goods | 166.1 | 278.9 | 5.9 | 100.0 | 0.6 |

Source: DGCIS, ITC Trademap, India Exim Bank Research

Granular analysis of India's exports of sports goods indicates that the top 5 product categories (at HS-8 digit level) accounted for nearly two-third of the total sports goods exports from the country in 2019-20, indicating significant product concentration. It is noteworthy that this product concentration has increased during 2010-11 to 2019-20. The top 5 product categories accounted for a share of 56.1 percent in the total exports of sports goods from India during 2010-11, while in 2019-20, this share rose to 61.4 percent (Exhibit 15). Articles for Christmas festivities were the largest export category, accounting for

Exhibit 15: Share of Top 5 Sports Goods Exports from India in 2010-11 vis-à-vis 2019-20



Source: DGCIS, India Exim Bank Research

a share of 26.4 percent in India's total exports of sports goods in 2019-20, followed by other sport equipment (18.0 percent), sports nets (6.7 percent), leg pads and bats for cricket (5.2 percent) and rugby balls (5.1 percent).

Further analysis suggests that India is losing its ground in the export market for several product categories. In 2010-11, football was the second largest sports goods exported from India, with a share of 12.0 percent in India's total exports of sports goods. However, the share of football in India's exports of sports goods sharply declined to 3.7 percent in 2019-20 (Table 10). Deceleration in Indian football exports is due to rising demand for footballs made in Pakistan, after the country won the contract to supply footballs at the FIFA World Cup in 2014 and 2018. Since FIFA 2014, Pakistan has been a major supplier of footballs and a major competitor for footballs manufactured in India. Moreover, growing preference for machine-stitched footballs from China has reduced the demand for handstitched footballs made in India. Vietnam is also fast emerging as a competitor in manufacturing of football. Besides football, the shares of 'other sports equipment' and 'gloves for sports' in India's exports of sports goods have also plummeted sharply from 20.8 percent and 9.5 percent in 2010-11, to 18.0 percent and 1.9 percent, respectively, in 2019-20.

During 2010-11 and 2019-20, exports of articles for Christmas festivities registered the highest CAGR of 24.7 percent, among all categories of sports goods. Apart from this, key segments that registered double-digit exports growth during the same period include other items under the category of video game consoles and machines, articles for funfair, table or parlor games (CAGR of 24.6 percent), other carnival and entertainment articles (23.1 percent), other items under the category of roundabouts, swings, shooting galleries and other fairground amusements (17.4 percent), sports nets (16.2 percent) and other gymnastic/athletic requisites (13.7 percent) (Table 10).

Table 10: Top 15 Sports Goods Exports at HS-8 Digit Level from India during 2010-11 vis-à-vis 2019-20 (Value in US\$ Million)

| HS code | Description | Value in 2010-11 | % Share in FY11 | Value in 2019-20 | % Share in FY20 | % CAGR (FY11-20) |
|----------|--|------------------|-----------------|------------------|-----------------|------------------|
| 95051000 | Articles for Christmas festivities | 10.1 | 6.1 | 73.7 | 26.4 | 24.7 |
| 95069990 | Other sports equipment | 34.6 | 20.8 | 50.2 | 18.0 | 4.2 |
| 95069960 | Sports nets | 4.8 | 2.9 | 18.6 | 6.7 | 16.2 |
| 95069920 | Leg pads and bats for cricket | 11.8 | 7.1 | 14.4 | 5.2 | 2.2 |
| 95066940 | Rugby ball | 11.1 | 6.7 | 14.2 | 5.1 | 2.8 |
| 95049090 | Others under the category of video game consoles and machines, articles for funfair, table or parlor games | 1.6 | 1.0 | 11.6 | 4.2 | 24.6 |
| 95069190 | Other gymnastic/athletic requisites | 3.5 | 2.1 | 11.1 | 4.0 | 13.7 |
| 95066210 | Football | 19.9 | 12.0 | 10.3 | 3.7 | -7.1 |

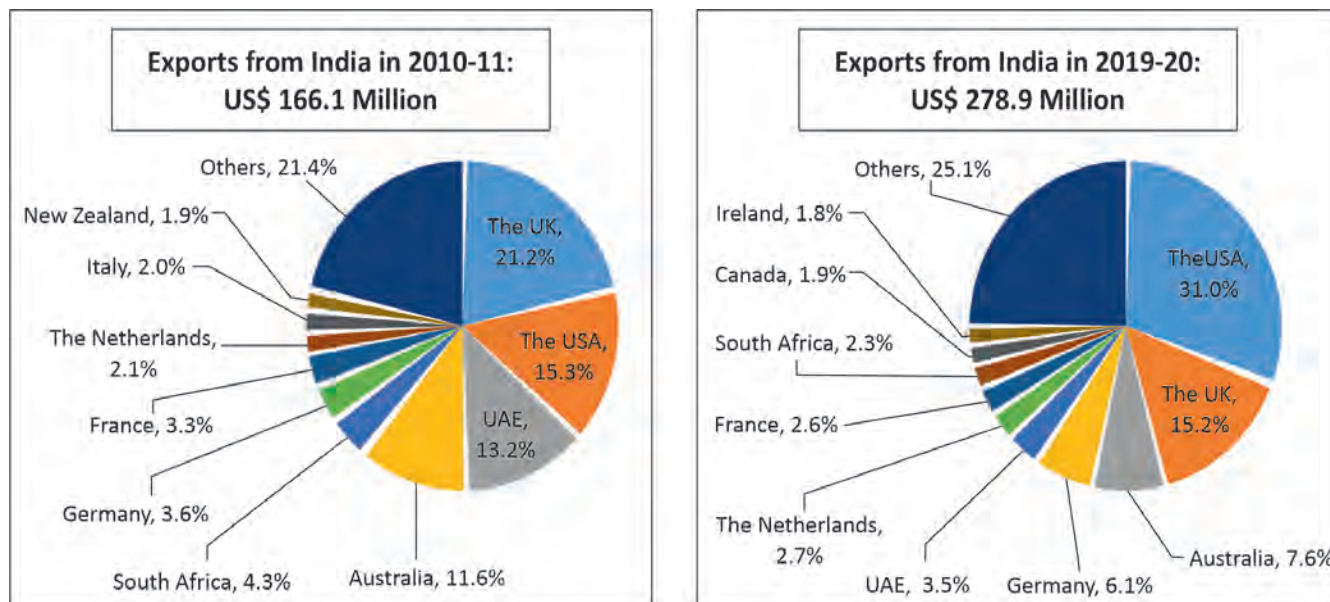
| HS code | Description | Value in 2010-11 | % Share in FY11 | Value in 2019-20 | % Share in FY20 | % CAGR |
|---------------------------|---|------------------|-----------------|------------------|-----------------|------------|
| | | | | | | (FY11-20) |
| 95059090 | Others (carnival and entertainment articles etc.) | 1.2 | 0.7 | 7.8 | 2.8 | 23.1 |
| 95079090 | Others (fishing tackle, poles etc.) | 8.3 | 5.0 | 7.0 | 2.5 | -1.9 |
| 42032110 | Gloves for sports | 15.8 | 9.5 | 5.2 | 1.9 | -11.6 |
| 95044000 | Playing cards | 2.5 | 1.5 | 5.2 | 1.9 | 8.5 |
| 95089000 | Other under the category of roundabouts, swings, shooting galleries and other fairground amusements | 1.2 | 0.7 | 5.1 | 1.8 | 17.4 |
| 95069980 | Other guards | 3.1 | 1.9 | 4.9 | 1.8 | 5.2 |
| 95069110 | Boxing equipment | 4.3 | 2.6 | 4.8 | 1.7 | 1.2 |
| Total Sports Goods | | 166.1 | 100.0 | 278.9 | 100.0 | 5.9 |

Source: DGCIS, India Exim Bank Research

Key Markets for Sports Goods Exports

Analysis of key markets for India's exports of sports goods indicates that the top 5 export destinations accounted for nearly two-third of India's exports of sports goods in 2019-20. Of this, the USA and the UK jointly accounted for a share of more than 46.2 percent in India's exports of sports goods in 2019-20. Other major export destinations for sports goods were Australia (share of 7.6 percent), Germany (6.1 percent), UAE (3.5 percent) and the Netherlands (2.7 percent) (Exhibit 16). It is noteworthy that

Exhibit 16: Major Destinations for Exports of Sports Goods from India in 2010-11 vis-à-vis 2019-20



Source: DGCIS, India Exim Bank Research

the share of the top 10 destinations in India's exports of sports goods has reduced to 74.9 percent in 2019-20, from 78.6 percent in 2010-11, indicative of a slight decline in market concentration. While the UK and the USA continue to remain the top 2 export destination, the share of UK in India's exports of sports goods has declined by nearly 6 percentage points in 2019-20 as compared to 2010-11, but that of the USA has nearly doubled. Other markets such as the UAE, Australia, South Africa, and Italy have also witnessed a drop in share during the period under consideration.

Further analysis indicates that while the UK and the USA are the major export destinations across several categories of sports goods exports from India, several developing countries also feature among the key export destinations in some categories. For example, Nepal features among the major export destinations for India in the categories of 'ski and skating equipment' and 'articles and equipment for table tennis, tennis, badminton and similar rackets' (Table 11). Therefore, although the market in developing countries may not be large, they are an important destination for India's exports. Going forward, the potential in these markets can be further tapped.

Moreover, in several products, there is high market concentration, necessitating appropriate market diversification strategy. For example, more than half of the exports of festive articles from India were directed to the USA market in 2019-20. Similarly, UAE accounted for nearly 41.7 percent of the exports of 'articles and equipment for table tennis, tennis, badminton and similar rackets' from India in 2019-20. (Table 11).

Table 11: Category-wise Top Destinations for Exports of Sports Goods from India in 2010-11 vis-à-vis 2019-20 (Value in US\$ Million)

| Category/ Export Destinations | Value in 2010-11 | Value in 2019-20 | % CAGR | % Share in 2019-20 |
|--|------------------|------------------|-------------|--------------------|
| Athletics and Gymnasium Equipment | 63.2 | 105.1 | 5.8 | 100.0 |
| The UK | 17.8 | 23.4 | 3.1 | 22.3 |
| The USA | 9.9 | 21.6 | 9.1 | 20.6 |
| Australia | 9.5 | 12.0 | 2.6 | 11.4 |
| Germany | 1.9 | 6.0 | 13.6 | 5.7 |
| South Africa | 3.4 | 3.7 | 0.9 | 3.5 |
| Festive Articles | 12.1 | 81.7 | 23.6 | 100.0 |
| The USA | 5.9 | 46.9 | 25.9 | 57.4 |
| Germany | 0.8 | 7.6 | 28.4 | 9.3 |
| The UK | 1.5 | 4.6 | 13.3 | 5.6 |
| The Netherlands | 0.3 | 3.7 | 32.2 | 4.5 |
| Sweden | 0.2 | 3.3 | 36.5 | 4.0 |

| Category/ Export Destinations | Value in 2010-11 | Value in 2019-20 | % CAGR | % Share in 2019-20 |
|---|------------------|------------------|--------------|--------------------|
| Tennis balls, inflatable balls, other balls (excluding golf balls, and table tennis balls) | 49.1 | 37.3 | -3.0 | 100.0 |
| The UK | 10.9 | 9.2 | -1.9 | 24.7 |
| Australia | 7.9 | 7.3 | -0.9 | 19.6 |
| South Africa | 3.4 | 2.4 | -3.8 | 6.4 |
| Ireland | 1.3 | 2.2 | 6.0 | 5.9 |
| France | 2.5 | 2.2 | -1.4 | 5.9 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 9.1 | 31.3 | 14.7 | 100.0 |
| The USA | 1.4 | 12.2 | 27.4 | 39.0 |
| Saudi Arabia | 0.9 | 3.2 | 15.4 | 10.2 |
| UAE | 2.2 | 3.0 | 3.5 | 9.6 |
| Singapore | 0.0 | 1.7 | - | 5.4 |
| Germany | 0.3 | 1.5 | 19.6 | 4.8 |
| Fishing equipment | 8.8 | 7.6 | -1.6 | 100.0 |
| The USA | 2.1 | 1.6 | -3.0 | 21.1 |
| The UK | 1.4 | 1.0 | -3.7 | 13.2 |
| Belgium | 0.2 | 0.8 | 16.7 | 10.5 |
| Germany | 1.6 | 0.8 | -7.4 | 10.5 |
| Poland | 0.1 | 0.7 | 24.1 | 9.2 |
| Ski and Skating Equipment | 17.1 | 6.1 | -10.8 | 100.0 |
| The USA | 2.2 | 1.8 | -2.2 | 29.5 |
| The UK | 1.6 | 1.3 | -2.3 | 21.3 |
| Australia | 0.3 | 0.5 | 5.8 | 8.2 |
| Nepal | 0.1 | 0.4 | 16.7 | 6.6 |
| South Korea | 0.1 | 0.3 | 13.0 | 4.9 |
| Articles and equipment for table tennis, tennis, badminton and similar rackets | 0.2 | 6.0 | 45.9 | 100.0 |
| UAE | 0.0 | 2.5 | - | 41.7 |
| The UK | 0.0 | 1.5 | - | 25.0 |
| Hong Kong | - | 0.5 | - | 8.3 |
| The USA | 0.0 | 0.4 | - | 6.7 |
| Nepal | 0.0 | 0.2 | - | 3.3 |

Note: Only product categories where India's exports to the world is more than US\$ 1 million in 2019-20 are considered

Source: DGCIS, India Exim Bank Research

Key Segments of Sports Goods Imports

In the case of imports, sports goods accounted for 0.06 percent of India's merchandise imports in 2019-20. During 2019-20, athletics and gymnasium equipment was the largest category of imports, accounting for a share of nearly 57.2 percent in India's sports goods imports. Other major imported categories include equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. (share of 16.7 percent); articles and equipment for table tennis, tennis, badminton and similar rackets (8.3 percent); festive articles (5.9 percent); and tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) (4.6 percent), among others.

During 2010-11 to 2019-20, all segments witnessed an upsurge in imports (Table 12). Ski and skating equipment and fishing equipment registered the highest CAGRs of 13.9 percent and 10.6 percent, respectively, during the period under consideration. Imports of articles and equipment for table tennis,

Table 12: Broad Category-wise Sports Goods Imports by India in 2010-11 vis-à-vis 2019-20
(Value in US\$ Million)

| Category | Value in 2010-11 | Value in 2019-20 | % CAGR (FY11-FY20) | % Share in India's Imports of Sports Goods (2019-20) | % Share in World Imports (2019) |
|--|------------------|------------------|--------------------|--|---------------------------------|
| Athletics and Gymnasium Equipment | 93.2 | 157.9 | 6.0 | 57.2 | 1.0 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 23.2 | 46.2 | 8.0 | 16.7 | 0.5 |
| Articles and equipment for table tennis, tennis, badminton and similar rackets | 10.2 | 22.8 | 9.3 | 8.3 | 2.5 |
| Festive Articles | 11.7 | 16.3 | 3.8 | 5.9 | 0.2 |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | 7.9 | 12.7 | 5.4 | 4.6 | 0.7 |
| Golf clubs and other golf equipment | 3.4 | 4.7 | 3.7 | 1.7 | 0.1 |
| Ski and Skating Equipment | 1.4 | 4.5 | 13.9 | 1.6 | 0.2 |
| Water Sports Equipment | 1.9 | 3.8 | 8.0 | 1.4 | 0.2 |
| Fishing equipment | 1.5 | 3.7 | 10.6 | 1.3 | 0.1 |
| Sporting, hunting or target-shooting shotguns | 1.3 | 2.5 | 7.5 | 0.9 | 0.2 |
| Billiards and accessories | 0.6 | 1.0 | 5.8 | 0.4 | 0.5 |
| Total Sports Goods | 156.3 | 276.1 | 6.5 | 100.0 | 0.6 |

Source: DGCIS, ITC Trademap, India Exim Bank Research

tennis, badminton and similar rackets by India also registered a strong CAGR of 9.5 percent during the period under consideration. India is, in fact, a major importer of articles and equipment for table tennis, tennis, badminton and similar rackets, accounting for nearly 2.5 percent of the global imports of these products in 2019.

Granular analysis (at HS-8 digit level) indicates that other gymnastic/athletic requisites was the top imported product in 2019-20, accounting for nearly 45.9 percent of India's total imports of sports goods during the year. Some of the other top imported products in 2019-20 include other sports equipment (share of 7.2 percent), other video game consoles and machines, articles for funfair, table or parlor games (6.3 percent), badminton rackets, whether or not strung (5.6 percent) and other carnival and entertainment articles (4.7 percent), among others (Table 13). During 2010-11 to 2019-20, imports of all the top 15 sports goods imported by India registered a positive CAGR, except other sports equipment (CAGR of -7.5 percent) and articles of Christmas festivities (- 2.5 percent).

Table 13: Top 15 Sports Goods Imports at HS-8 Digit Level by India in 2010-11 vis-à-vis 2019-20
(Value in US\$ Million)

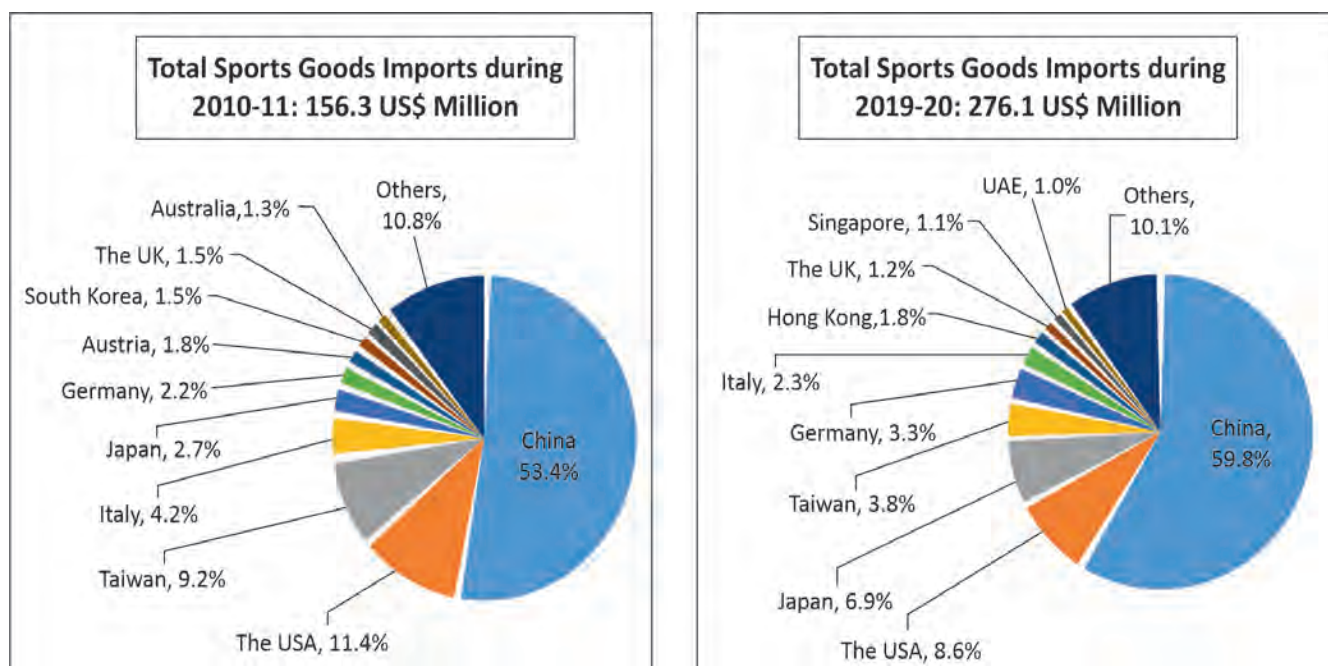
| Hs code | Description | Value in 2010-11 | % Share in FY11 | Value in 2019-20 | % Share in FY20 | % CAGR FY11-20 |
|----------|--|------------------|-----------------|------------------|-----------------|----------------|
| 95069190 | Other gymnastic/ athletic requisites | 48.8 | 31.2 | 126.6 | 45.9 | 11.2 |
| 95069990 | Other sports equipment | 40.1 | 25.7 | 19.8 | 7.2 | -7.5 |
| 95049090 | Other video game consoles and machines, articles for funfair, table or parlor games | 9.4 | 6.0 | 17.3 | 6.3 | 7.0 |
| 95065910 | Badminton rackets, whether or not strung | 5.2 | 3.3 | 15.5 | 5.6 | 12.9 |
| 95059090 | Other carnival and entertainment articles etc. | 7.5 | 4.8 | 13.1 | 4.7 | 6.4 |
| 95069910 | Badminton shuttle corks | 3.6 | 2.3 | 10.0 | 3.6 | 12.0 |
| 95089000 | Others under the category of roundabouts, swings, shooting galleries and other fairground amusements | 6.7 | 4.3 | 9.0 | 3.3 | 3.3 |
| 93040000 | Other arms (e.g. spring, air/gas gun and pistols, truncheons) | 0.4 | 0.3 | 8.4 | 3.0 | 40.3 |
| 95062900 | Other water-sport equipment (surf-boards water-skis etc.) | 1.0 | 0.6 | 3.8 | 1.4 | 16.0 |
| 95066100 | Lawn-tennis balls | 1.4 | 0.9 | 3.5 | 1.3 | 10.7 |
| 95067000 | Ice skates and roller skates, including skating boots | 0.7 | 0.4 | 3.5 | 1.3 | 19.6 |

| Hs code | Description | Value in 2010-11 | % Share in FY11 | Value in 2019-20 | % Share in FY20 | % CAGR FY11-20 |
|---------------------------|--|------------------|-----------------|------------------|-----------------|----------------|
| 95066990 | Other balls (excl. inflatable, tennis balls, golf balls, and table-tennis balls) | 2.6 | 1.7 | 3.2 | 1.2 | 2.3 |
| 95051000 | Articles for Christmas festivities | 3.9 | 2.5 | 3.1 | 1.1 | -2.5 |
| 95065100 | Lawn-tennis rackets, whether or not strung | 1.8 | 1.2 | 2.6 | 0.9 | 4.2 |
| 95065990 | Other badminton and similar rackets, whether or not strung | 2.0 | 1.3 | 2.5 | 0.9 | 2.5 |
| Total Sports Goods | | 156.3 | 100.0 | 276.1 | 100.0 | 6.5 |

Source: DGCIS, India Exim Bank Research

More than 50 percent of India's imports of sports goods were sourced from China, in both 2010-11 and 2019-20, indicative of the substantial import dependence on the country for the product. Dependence on China for sports goods has increased during the period under consideration, with the share of China in India's imports of sports goods increasing from 53.4 percent in 2010-11 to 59.8 percent in 2019-20. Other top import sources for India in 2019-20 include the USA (8.6 percent), Japan (6.9 percent), Taiwan (3.8 percent) and Germany (3.3 percent), among others (Exhibit 17). Over the ten-year period from 2010-11 to 2019-20, the share of Japan in India's imports has more than doubled, while countries like Taiwan, South Korea, Australia, Austria and Italy have lost their shares in the Indian market. It may be noted that Japan has increased its share in India's imports in spite of losing its share in the global exports of sports goods, as highlighted in Chapter 2.

Exhibit 17: Top Sources for Imports of Sports Goods by India during 2010-11 vis-à-vis 2019-20



Source: DGCIS, India Exim Bank Research

China is the largest import source across all categories of sports goods, except sporting, hunting or target-shooting shotguns, where Germany is the largest source of imports for India. Other developing countries such as Thailand and Vietnam also feature prominently as import sources in several categories. Thailand is an important source of imports in the categories of 'tennis balls, inflatable balls, other balls (excluding golf balls, and table tennis balls)' and 'billiards and accessories'. Vietnam is also an important source for imports of inflatable balls by India, with imports of these products from Vietnam registering a CAGR of 10.7 percent during the period under consideration. The large and growing imports of inflatable balls from other developing countries necessitates adequate capacity addition to meet the domestic demand.

There is a significant rise in imports of 'articles and equipment for table tennis, tennis, badminton and similar rackets' from Japan and France. Imports in this category from Japan and France have registered CAGRs of 30.2 percent and 11.5 percent, respectively, during the period under consideration (Table 14).

Table 14: Category-wise Top Sources for Sports Goods Imports in 2010-11 vs 2019-20
(Value in US\$ Million)

| Category/Import Sources | Value in 2010-11 | Value in 2019-20 | % CAGR (FY11-FY20) | % Share in 2019-20 |
|---|------------------|------------------|--------------------|--------------------|
| Athletics and Gymnasium Equipment | 93.2 | 157.9 | 6.0 | 100.0 |
| China | 46.5 | 108.9 | 9.9 | 69.0 |
| The USA | 13.7 | 13.9 | 0.2 | 8.8 |
| Taiwan | 12.8 | 9.3 | -3.5 | 5.9 |
| Japan | 2.8 | 8.0 | 12.4 | 5.1 |
| Italy | 4.1 | 3.2 | -2.7 | 2.0 |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | 23.2 | 46.2 | 8.0 | 100.0 |
| China | 10.9 | 13.5 | 2.4 | 29.2 |
| The USA | 2.1 | 8.1 | 16.2 | 17.5 |
| Germany | 0.2 | 6.3 | 46.7 | 13.6 |
| Hong Kong | 0.9 | 2.2 | 10.4 | 4.8 |
| UAE | 0.1 | 2.1 | 40.3 | 4.5 |
| Articles and equipment for table tennis, tennis, badminton and similar rackets | 10.2 | 22.8 | 9.3 | 100.0 |
| China | 7.0 | 10.3 | 4.4 | 45.2 |
| Japan | 0.8 | 8.6 | 30.2 | 37.7 |
| Hong Kong | 0.00 | 1.3 | - | 5.7 |
| France | 0.3 | 0.8 | 11.5 | 3.5 |
| Singapore | 0.2 | 0.4 | 8.0 | 1.8 |

| Category/Import Sources | Value in 2010-11 | Value in 2019-20 | % CAGR (FY11-FY20) | % Share in 2019-20 |
|---|------------------|------------------|--------------------|--------------------|
| Festive Articles | 11.7 | 16.3 | 3.8 | 100.0 |
| China | 10.5 | 15.2 | 4.2 | 93.3 |
| The USA | 0.1 | 0.2 | 8.0 | 1.2 |
| Hong Kong | 0.1 | 0.2 | 8.0 | 1.2 |
| The UK | 0.1 | 0.1 | 0.0 | 0.6 |
| UAE | 0.0 | 0.1 | - | 0.6 |
| Tennis balls, inflatable balls, other balls (excluding golf balls, and table tennis balls) | 7.9 | 12.7 | 5.4 | 100.0 |
| China | 4.8 | 7.7 | 5.4 | 60.6 |
| Thailand | 0.5 | 2.2 | 17.9 | 17.3 |
| Australia | 0.2 | 0.8 | 16.7 | 6.3 |
| Vietnam | 0.2 | 0.5 | 10.7 | 3.9 |
| Philippines | 0.1 | 0.4 | 16.7 | 3.1 |
| Golf clubs and other golf equipment | 3.4 | 4.7 | 3.7 | 100.0 |
| China | 1.7 | 1.7 | 0.0 | 36.2 |
| The USA | 1.1 | 1.2 | 1.0 | 25.5 |
| Singapore | 0.0 | 0.6 | - | 12.8 |
| Malaysia | 0.1 | 0.2 | 8.0 | 4.3 |
| Taiwan | 0.1 | 0.2 | 8.0 | 4.3 |
| Ski and Skating Equipment | 1.4 | 4.5 | 13.9 | 100.0 |
| China | 0.6 | 3.1 | 20.0 | 68.9 |
| The UK | 0.0 | 0.3 | - | 6.7 |
| UAE | 0.0 | 0.2 | - | 4.4 |
| Indonesia | 0.0 | 0.1 | - | 2.2 |
| The USA | 0.1 | 0.1 | 0.0 | 2.2 |
| Water Sports Equipment | 1.9 | 3.8 | 8.0 | 100.0 |
| China | 0.3 | 2.3 | 25.4 | 60.5 |
| Italy | 0.0 | 0.9 | - | 23.7 |
| The USA | 0.6 | 0.2 | -11.5 | 5.3 |
| Malaysia | 0.0 | 0.1 | - | 2.6 |
| Hong Kong | 0.1 | 0.1 | 0.0 | 2.6 |

| Category/Import Sources | Value in 2010-11 | Value in 2019-20 | % CAGR (FY11-FY20) | % Share in 2019-20 |
|--|------------------|------------------|--------------------|--------------------|
| Fishing equipment | 1.5 | 3.7 | 10.6 | 100.0 |
| China | 1.0 | 1.7 | 6.1 | 45.9 |
| Japan | 0.2 | 0.5 | 10.7 | 13.5 |
| Singapore | 0.0 | 0.4 | - | 10.8 |
| South Korea | 0.2 | 0.3 | 4.6 | 8.1 |
| Vietnam | 0.0 | 0.3 | - | 8.1 |
| Sporting, hunting or target-shooting shotguns | 1.3 | 2.5 | 7.5 | 100.0 |
| Germany | 1.0 | 0.9 | -1.2 | 36.0 |
| Italy | 0.1 | 0.4 | 16.7 | 16.0 |
| Slovenia | 0.0 | 0.4 | - | 16.0 |
| Cyprus | 0.1 | 0.3 | 13.0 | 12.0 |
| Switzerland | 0.0 | 0.3 | - | 12.0 |
| Billiards and accessories | 0.6 | 1.0 | 5.8 | 100.0 |
| China | 0.4 | 0.7 | 6.4 | 70.0 |
| The USA | 0.0 | 0.1 | - | 10.0 |
| Thailand | 0.0 | 0.1 | - | 10.0 |
| Singapore | 0.1 | 0.1 | 0.0 | 10.0 |

Source: DGCIS, India Exim Bank Research

IMPACT OF COVID-19 ON THE SPORTS GOODS INDUSTRY

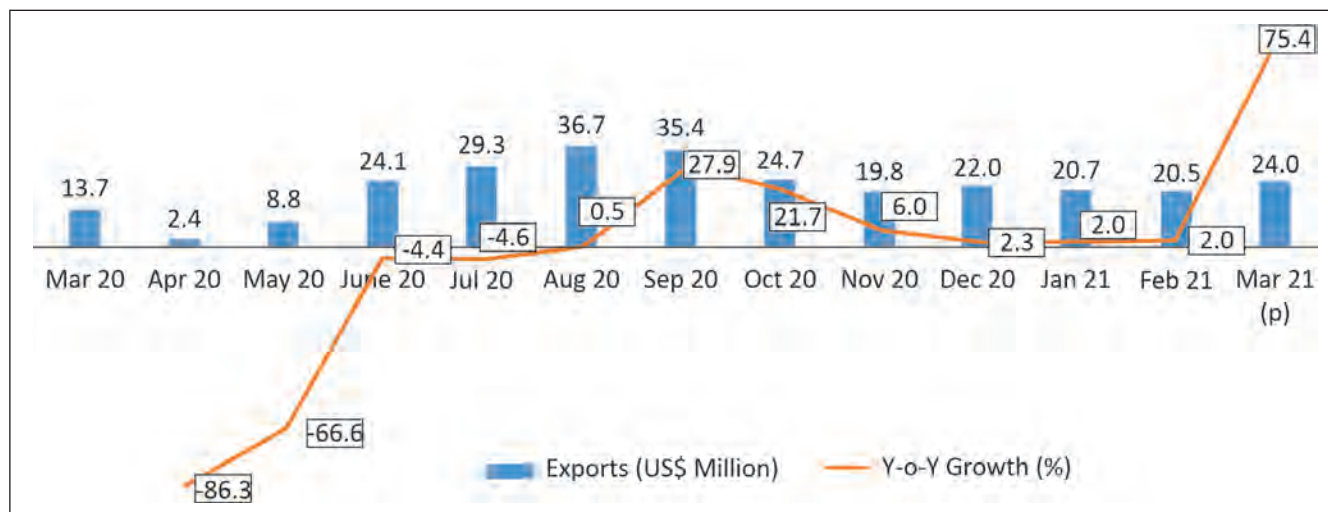
The Covid-19 outbreak has caused drastic changes in economic activities globally, including in India. The Indian sports goods industry was severely impacted, owing to the temporary closure of manufacturing and services units during 2020-21. The year 2020 also witnessed closure of gyms, stadiums, pools, dance and fitness studios, physiotherapy centres, parks and playgrounds.

Although the overall sports industry came to a standstill in the first half of the year, the Indian sports goods industry has been a comparatively lucrative segment during the second half. As regards the domestic market, e-commerce has played a vital role in meeting the demand for sports goods. Due to change in consumer behavior and rise in health consciousness amongst the population, the online demand for athleisure, activewear and fitness gear products like dumbbells, push up bars, belts, cycles, and yoga mats surged during the lockdown. For instance, Decathlon, a multi-sport equipment store recorded a 2000 percent increase in sales of resistance bands, 200 percent increase in the sales of cross-trainers and elliptical machines, 35 percent increase in sales of yoga mats and a 30 percent increase in

demand for dumbbells⁴³. Further, products for cycling, fitness cardio, yoga and running were among the top ten most purchased products⁴⁴. However, since small and traditional sports goods manufacturers are primarily not engaged in sale of athleisure products, their problems continued to grow with the larger population continuing to stay at home.

As far as exports are concerned, there was an initial setback to the industry due to the pandemic-induced lockdown in India and other countries. With strict lockdown during April 2020, sports goods exports from India fell to US\$ 2.4 million during the month, registering a y-o-y decline of (-) 86.3 percent. Gradually, with partial reopening of the manufacturing sector in May 2020, exports of sports goods recovered, and recorded positive y-o-y growth from August 2020 onwards (Exhibit 18). Growth in exports of sports goods peaked at 75.4 percent in March 2021, primarily due to low base effect. Clearly, in spite of the initial setback to the industry, there was strong recovery after the gradual easing of pandemic associated restrictions. In fact, trade surplus in sports goods sector increased by 0.7 percent during 2020-21, as compared to the previous year.

Exhibit 18 : Sports Goods Exports from India during Covid-19



Source: DGCIS, India Exim Bank Research

During the year, demand for indoor games and sports was healthy, especially table tennis and other racket games, along with fitness and home-based workout equipment. Exports of indoor games (playing cards, carrom and chess⁴⁵) registered y-o-y growth of 50.2 percent during April 2020-February 2021. During the same period, exports of articles and equipment for table-tennis⁴⁶ recorded exceptional y-o-y growth of 63.7 percent. Meanwhile, exports of badminton shuttle corks⁴⁷ registered y-o-y growth of 12.5 percent during April 2020-February 2021. Fitness and home-based workout equipment were also amongst the high-demand segments and exports under the category of other gymnastic/athletic

⁴³ India: Impact of Covid-19 on the Business of Sports, Aahna Mehrotra and Pratyush Pandey, December 2020

⁴⁴ Ibid

⁴⁵ HS Code: 95044000 (Playing Cards), 95049020 (Carrom), 95049010 (Chess)

⁴⁶ HS Code: 95064000

⁴⁷ HS Code: 95069910

requisites⁴⁸ witnessed y-o-y growth of 89.0 percent during April 2020-February 2021. Demand for goods for outdoor sports was tepid during the year, and exports of several products for outdoor sports registered a decline. For example, football exports from India registered a y-o-y decline of (-) 26.1 percent during April 2020-February 2021. While indoor sports goods shall continue to be the major area of growth for sports goods companies due to the intermittent lockdowns across the major demand centres, increasing vaccination rates and organization of postponed international sports events will fuel the demand for outdoor sports goods in the short to medium term.

CONCLUSION

The Indian sports goods industry has witnessed significant transformation since it was first industrialized. The traditional clusters of Jalandhar and Meerut remain the key centres of production and have made a mark in the global market for sports goods. In the recent years, Indian companies have also succeeded in supplying sports goods to international sports events such as the Asian Games 2018.

India accounts for a significant share in global exports of products such as ‘tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls)’; ‘festive articles’; ‘articles and equipment for table tennis, tennis, badminton, and similar rackets’; and ‘athletics and gymnasium equipment’. In terms of markets, the USA and the UK are the major exports destinations for sports goods exports from India. However, analysis suggests that there is significant product and market concentration in India’s exports, which makes the sector vulnerable to shocks in the global demand for key products, as well as the market conditions in the key export markets. Growing competition from other low-cost manufacturing destinations is also eroding India’s position in the global market for several products. Alongside, the import dependence from China have gradually increased. Clearly, there is a need for concerted efforts to enhance competitiveness of sports goods and impart resilience to the sector.

⁴⁸ HS Code: 95069190



4 CHAPTER

Strategies for Enhancing Sports Goods Exports

The Indian sports goods industry has witnessed substantial growth since it was first industrialized in 1885, and has contributed significantly to economic output and employment. The ingenuity of the industry and the government support have helped create visibility of Indian sports goods in the international market. However, there still remains significant untapped opportunities in several sports goods categories. As highlighted in the preceding chapters, India's competitiveness in exports of sports goods is low, and the country has also lost market share in several traditional areas of competence. There is also significant product and market concentration in India's exports of sports goods. The industry also has significant import dependence on China, for both finished goods as well as raw materials.

An attempt has been made to identify challenges faced by the sports goods' exporters, and recommend strategies to overcome these challenges, build additional capacities, and improve export competitiveness. Desk research has been complemented by information emerging from discussions with the industry to provide a comprehensive account of the challenges and opportunities for the industry. India Exim Bank conducted a webinar to understand the state of sports goods manufacturers in India and the challenges faced by them. The webinar was followed by industry interactions with major sports goods companies of India, as also subject experts.

Some of the factors that emerged as key export barriers for the Indian sports goods industry include marketing constraints, technological backwardness, financial constraints, policy bottlenecks, lack of enabling infrastructure, lack of research and development (R&D), increasing import dependence, and challenges related to availability of inputs/raw material. Overcoming these challenges will be essential for imparting a renewed energy and momentum to sports goods exports from India. This chapter attempts to recommend actionable strategies to overcome the key bottlenecks faced by exporters, as also for improving the export competitiveness of the industry.

PRODUCT AND MARKET DIVERSIFICATION

Analysis in the previous chapters indicate product and market concentration in India's exports of sports goods. Diversification of the exports basket, as well as export markets, will therefore be essential for imparting resilience to the exports from the sector.

In this section, granular analysis is undertaken to identify the broad categories of sports goods where India enjoys a comparative advantage, and match it with the global import demand for these products. Such quantification will help in identification of sports goods categories which have been performing well, as also those categories where success has been limited, although opportunities are significant.

Categories where India has competitive advantage and the global import demand is increasing, could be targeted for boosting exports in the short to medium term. In the medium to long term, India could consider diversification towards categories where it does not have a competitive advantage, but the global import demand has been robust, by encouraging capacity additions in these segments.

Methodology

For analysing the export competitiveness, the concept of Revealed Comparative Advantage (RCA) is used. RCA Indices are used to identify categories of exports in which an economy has a comparative advantage by way of comparison of the country's trade scenario with the world scenario. The basic underlying assumption is that trade profile reflects the inter-country differences in terms of relative costs as well as non-price aspects. As per Balassa's (1965) measure, RCA index for country i , commodity j is-

$$RCA_{ij} = \frac{(X_{ji}/X_i)}{(X_{wj}/X_w)}$$

Where,

X_{ji} : exports of commodity j from country i

X_i : total exports from country i

X_{wj} : total exports of commodity j from the world

X_w : total exports from the world

The RCA index ranges from 0 to infinity, with 1 as the break-even point. That is, an RCA value of less than 1 means that the country has no comparative advantage in the exports of the product, while a value above 1 indicates that the country has a comparative advantage in the product.

The normalized revealed comparative advantage (NRCA) index has been demonstrated capable of revealing the extent of comparative advantage more precisely and consistently than other alternative RCA indices in the literature. NRCA can be defined in the following manner-

$$NRCA_{ij} = \frac{RCA_{ij} - 1}{RCA_{ij} + 1}$$

A positive NRCA value indicates that the country has comparative advantage in the exports of the product, while a negative value indicates that the country does not have comparative advantage in the product.

The export competitiveness of sports goods, as reflected in the NRCA, has been mapped with global demand for the products. Based on this mapping, two focus categories have been identified:

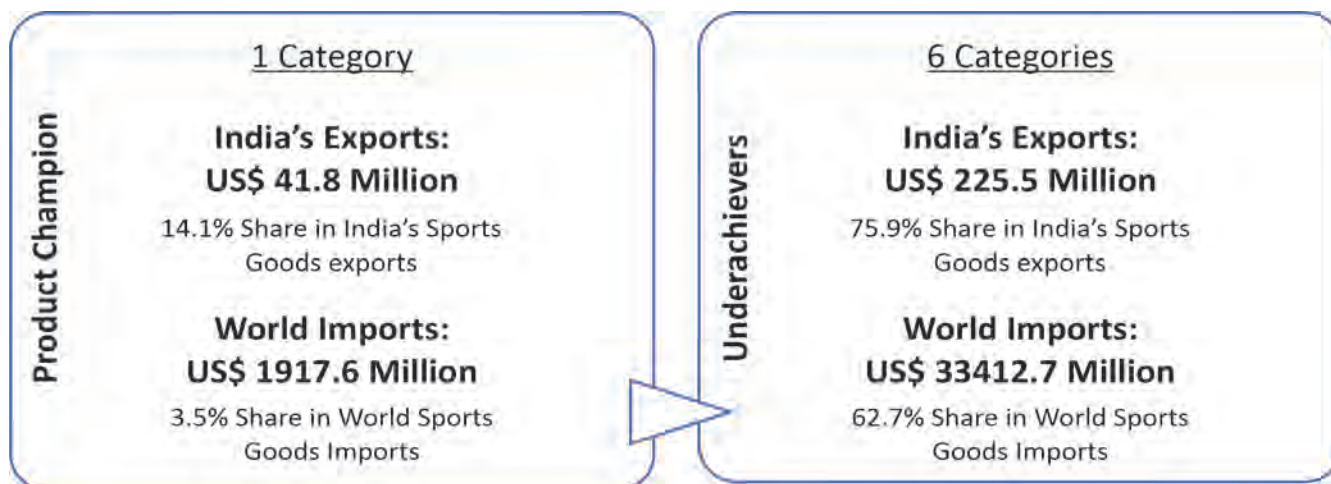
- **Product Champions – Competitive Exports (NRCA > 0); Growing Import Demand (Product Import AAGR > 0):** Products in this category have the maximum export potential in the short to medium term, as the global demand for these products has been robust during 2010-2019, and India’s exports in this category are also competitive.
- **Underachievers – Exports not competitive (NRCA < 0); Growing Import Demand (Product Import AAGR > 0):** Though India exports these product categories, it does not have a comparative advantage in these categories, despite a strong growth in global import demand for these categories during 2010-2019. India can strive towards increasing competitiveness in these products in the medium to long term.

Identified Categories

For the purpose of analysis, only sports goods categories with exports of more than US\$ 1 million from India in 2019 are considered. Based on this criterion, 8 out of 11 categories qualify for the analysis. Of these, 1 category is identified as Product Champion and 6 categories as Underachievers.

The category of tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) is identified as ‘Product Champion’, as India’s exports under this category are competitive and the global import demand for this product category is also growing. Exports from India under this category stood at US\$ 41.8 million in 2019, accounting for 14.1 percent of the total exports of sports goods from India. During the same year, global imports in this category amounted to US\$ 1917.6 million, accounting for 3.6 percent of the global imports of sports goods (Exhibit 19). Moreover, the global imports of these products witnessed an average annual growth rate (AAGR) of 4.3 percent during 2010-2019, implying that the market for these products is growing. In the short to medium term, India can focus on leveraging the opportunities arising in the category of tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls), as products under this category would be low hanging fruits.

Exhibit 19: Product Identification for Sports Good Exports (2019)



Source: ITC Trademap, India Exim Bank Research

Six categories, namely ‘athletics and gymnasium equipment’; ‘festive articles’; ‘articles and equipment for table tennis, tennis, badminton and similar rackets’; ‘fishing equipment’; ‘ski and skating equipment’ and ‘water sports equipment’, are identified as ‘Underachievers’. Global imports of these products registered an increase during the period 2010-2019, but India’s exports of these products are not competitive. The combined global imports in the Underachievers category stood at US\$ 33.4 billion in 2019, accounting for a share of 62.7 percent in the total sports goods’ imports by the world. Meanwhile, cumulative exports from India in these underachiever categories stood at only US\$ 225.5 million during 2019. In the medium to long term, there is a need to build domestic capacities for production across these categories, through appropriate incentive framework. There is also a need to focus on attracting exports orders and investments from the top global sports goods sourcing companies in these segments.

India’s overall exports from the Product Champion and Underachievers categories stood at US\$ 267.3 million in 2019. As per India Exim Bank analysis, there remains an untapped potential of US\$ 227.4 million in India’s exports across these product categories (Table 15). In the Product Champion category of tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls), India has an estimated untapped export potential of US\$ 46.4 million. In the overall Underachievers category, India has an untapped potential of US\$ 181 million, with athletics and gymnasium equipment category accounting for the largest untapped potential of US\$ 109.4 million, followed by festive articles (US\$ 40.6 million). Realizing the untapped potential in the Product Champion and Underachiever categories could boost exports of sports goods from the country to more than US\$ 500 million.

Table 15: Indicative Export Potential of Sports Goods in Identified Categories

| Sports Goods Category | Exports from India (2019) | Untapped Export Potential |
|--|------------------------------|------------------------------|
| | (US\$ Million) | |
| Product Champion | | |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | 41.8 | 46.4 |
| Underachievers | | |
| Athletics and Gymnasium Equipment | 116.1 | 109.4 |
| Festive Articles | 81.8 | 40.6 |
| Articles and equipment for table tennis; tennis, badminton and similar rackets | 10.7 | 10.4 |
| Fishing equipment | 7.9 | 7.3 |
| Ski and Skating Equipment | 6.3 | 8.2 |
| Water Sports Equipment | 2.7 | 5.1 |
| Sub- Total | 225.5 | 181.0 |
| Total | 267.3 | 227.4 |

Source: Ministry of Commerce and Industry, ITC Trademap, ITC Export Potential Map (As accessed on 1.06.2021), India Exim Bank Research

An assessment of the top destinations for India's exports of product categories classified as Product Champion and Underachievers indicates that currently, India does not export to the top importers of the world. For example, the USA, Germany and Japan are among the top global importers of tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls), but these do not feature among the top five export destinations for India under this product category. It is noteworthy that none of the top exports destinations for India in the water sports equipment category are the top global importers in the category (Table 16). Targetting exports towards the top importing markets in each of the identified product categories would be important for enhancing India's market share in the world.

Table 16: Top Export Destinations from India vis-à-vis Top Importers in the World (2019)

| Sports Goods Category | Top Export Destinations from India | % Share in Exports from India | Top Importers in the World | % Share in World Imports |
|--|------------------------------------|-------------------------------|-------------------------------------|--------------------------|
| Product Champion | | | | |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | Total Exports: US\$ 41.8 Million | | Total Imports: US\$ 1917.6 Million | |
| | The UK | 22.7 | The USA | 23.4 |
| | Australia | 18.4 | Germany | 7.0 |
| | UAE | 11.5 | France | 5.5 |
| | South Africa | 6.0 | The UK | 4.8 |
| | France | 5.0 | Japan | 4.2 |
| Underachievers | | | | |
| Athletics and Gymnasium Equipment | Total Exports: US\$ 116.1 Million | | Total Imports: US\$ 16829.2 Million | |
| | The UK | 19.4 | The USA | 27.8 |
| | The USA | 17.8 | Germany | 6.7 |
| | UAE | 11.8 | The UK | 4.7 |
| | Australia | 10.6 | Canada | 4.6 |
| | Germany | 5.1 | France | 4.3 |
| Festive Articles | Total Exports: US\$ 81.8 Million | | Total Imports: US\$ 7902.7 Million | |
| | The USA | 57.2 | The USA | 53.4 |
| | Germany | 9.9 | The UK | 5.4 |
| | The UK | 5.6 | Canada | 4.5 |
| | The Netherlands | 4.5 | Germany | 3.4 |
| | Sweden | 4.2 | The Netherlands | 3.3 |

| Sports Goods Category | Top Export Destinations from India | % Share in Exports from India | Top Importers in the World | % Share in World Imports |
|--|------------------------------------|-------------------------------|------------------------------------|--------------------------|
| Articles and equipment for table tennis; tennis, badminton and similar rackets | Total Exports: US\$ 10.7 Million | | Total Imports: US\$ 961.8 Million | |
| | UAE | 72.0 | The USA | 12.9 |
| | The UK | 11.2 | Hong Kong | 7.3 |
| | Hong Kong | 4.7 | France | 7.0 |
| | The USA | 2.8 | Germany | 6.8 |
| | Germany | 1.9 | Spain | 5.8 |
| Fishing equipment | Total Exports: US\$ 7.9 Million | | Total Imports: US\$ 3129.6 Million | |
| | The USA | 19.0 | The USA | 25.9 |
| | The UK | 14.0 | Japan | 13.7 |
| | Germany | 11.4 | South Korea | 4.9 |
| | Belgium | 8.9 | Singapore | 3.7 |
| | Poland | 7.6 | France | 3.5 |
| Ski and Skating Equipment | Total Exports: US\$ 6.3 Million | | Total Imports: US\$ 2845.8 Million | |
| | The USA | 27.0 | The USA | 21.3 |
| | The UK | 23.8 | Austria | 10.8 |
| | Australia | 7.9 | Germany | 8.1 |
| | Nepal | 6.3 | France | 6.5 |
| | The Netherlands | 4.8 | Italy | 5.7 |
| Water Sports Equipment | Total Exports: US\$ 2.6 Million | | Total Imports: US\$ 1743.6 Million | |
| | Spain | 26.9 | The USA | 26.5 |
| | Sri Lanka | 15.4 | France | 9.4 |
| | Greece | 7.7 | Germany | 8.4 |
| | Canada | 7.7 | The Netherlands | 4.5 |
| | Algeria | 7.7 | Spain | 4.1 |

Note: Countries in bold represent global top importers that do not feature among India's major export destinations

Source: DGCIS, ITC Trademap, India Exim Bank Research

In addition to the aforementioned countries that are primarily advanced economies, there is also significant demand for sport goods in several developing economies, which could be targeted for market diversification. Analysis of the expenditure on sports equipment and supplies across the markets of sub-saharan Africa and Latin America and the Caribbean regions indicates that countries like Brazil, Mexico, South Africa, Chile, Columbia, Argentina, Nigeria, Peru and Ecuador, among others have significant demand for sports equipment and supplies. These markets could be targeted by Indian exporters for diversification of export destinations, in order to impart resilience to the exports of sports goods from the country (Table 17).

Table 17: Expenditure on Equipment and Supplies by participants in Sports and Recreation Markets of LAC and Africa

| Region | Country | Expenditure on Equipment and Supplies (US\$ Mn; Totals in US\$ Bn) |
|--------------------|----------------|--|
| Sub-Saharan Africa | South Africa | 299.4 |
| | Nigeria | 70.5 |
| | Angola | 11.9 |
| | Cameroon | 11.6 |
| | Kenya | 9.6 |
| | Ethiopia | 7.1 |
| | Ghana | 8.8 |
| | Tanzania | 4.1 |
| | Cote d'Ivoire | 7.5 |
| | DR Congo | 5.9 |
| | Total | US\$ 0.5 Billion |
| LAC | Brazil | 1,108.90 |
| | Mexico | 919.8 |
| | Argentina | 125.6 |
| | Chile | 189.4 |
| | Colombia | 155.8 |
| | Peru | 77.1 |
| | Ecuador | 84.5 |
| | Cuba | 18.7 |
| | Dominican Rep. | 6.1 |
| | Costa Rica | 5.2 |
| | LAC Total | US\$ 2.9 Billion |

Source: Compiled from 'Move to be Well: The Global Economy of Physical Activity', Global Wellness Institute, October 2019

PROMOTING BUNDLING OF COMPLEMENTARY SPORTS PRODUCTS

Bundling of complementary products related to a particular sport can be an effective strategy for marketing sports goods in the international market. Bundling decisions have significant implications for cost reduction and market penetration strategies of firms. According to a research report, bundling of complementary products can lead to cost saving in the range of 18 percent to 57 percent, depending on the number of items bundled, the value of the items, and the level of the variation⁴⁹. Complementary product bundling can also offer economies of scale to the firms, thereby reducing their per unit cost of

⁴⁹ "The Profit Benefits of Bundle Pricing of Complementary Products"; Ruiliang Yan, Subir Bandyopadhyay; 2011

output. Bundling strategy can also help increase market share, as firms can gain additional bargaining power through bundling.

Bundling of sports equipment as sports kits may also be helpful in securing contracts at international sporting events. An analysis of the Tokyo 2020 Sole Supplier List (Annexure 2) indicates that majority of the suppliers were delivering sports goods as a package of complementary/related products, rather than as standalone equipment. Since procuring contracts at international sporting events help in securing a larger market share, along with the benefits of brand visibility, encouraging bundling of sports goods for exports could be beneficial in tapping the export potential of Indian sports goods in the international market. Encouraging exports of sports kits could also be helpful in reducing per unit cost, thereby enhancing price competitiveness of Indian sports goods exporters in the international market.

There are different types of bundling strategies that a firm can adopt (Exhibit 20), but from the perspective of sports goods industry, a combination of price bundling and mixed bundling seems most appropriate. Currently, the bundling of sports goods in India for exports purpose is limited to a few sports goods categories only. For example, cricket kits are exported from India, which typically consist of stumps, bails, balls and bat⁵⁰. Similar strategy can be adopted for other sports goods, such as golf equipment, badminton equipment, table tennis equipment, where bundling of items is currently not as popular.

Exhibit 20: Types of Bundling of Products and Prices

| | | |
|-------------------------|---|---|
| Price Bundling | { | • Sale of two or more separate products as a package at a discount, without any integration of the products |
| Product Bundling | { | • Integration and sale of two or more separate product at any price |
| Pure Bundling | { | • Selling only in bundles and not sepearately |
| Mixed Bundling | { | • Selling both the bundle and all the products separately |

Source: Strategic Bundling of Products and Prices: A New Synthesis for Marketing, Stefan Stremersch and Gerard J. Tellis (Journal of Marketing Volume 66, January 2002)

Bundling of sports goods with related textile products, especially technical textile products, can also improve the value proposition of the products. Technical textiles have huge demand in the international market and are preferred over traditional fabrics due to their quality, strength and durability. India has a budding technical textile industry, and export competitiveness of India in this sector is improving. As per Niti Aayog, the global demand for technical textile is expected to grow upto US\$ 220 billion by 2025, indicative of the substantial export opportunities in the segment. A large variety of technical textile products are used in sports, such as leg pads, arm pads, thigh pads, gloves, helmets, caps, neck guards, chest guard, etc. India exported nearly US\$ 41.7 million worth of sportech⁵¹ products during 2019-20.

⁵⁰ Analysis based on data from Zaubacom

⁵¹ Sportech refers to special clothing and sports equipment to enhance protection, comfort and performance.

There is a need to create synergies between the sports goods industry and the technical textile industry so that the companies can find complementarities in their export offerings. For example, in areas such as cricket kits, the ambit of products could be expanded to include protection equipment such as helmets, leg pads and gloves. Bundling sports goods with sportech items could bolster competitiveness of both sports goods, as well as the textile sector.

GEOGRAPHICAL INDICATION FOR KASHMIR WILLOW BATS

One of the ways to ensure international outreach is by getting Geographical Indications (GI) for products with specific geographical origin. GI functions as a product differentiator and serves as an important tool for marketing strategies. The reference to geographical origin, along with the use of traditional practices and processing methods, enhances the marketing potential of goods. Although sports goods industry of India is more than a century old, there are no registered GIs in the sports goods industry, in spite of some products which are unique to the country. Kashmir willow bat is one such product.

Kashmir willow cricket bats hold significance as they are made from some of the best quality wood in the world. The production of Kashmir willow bats dates back to 19th century and comprises about 60 percent of the total bats manufactured in India⁵². However, cricket bats produced in Kashmir fetch a maximum of Rs. 1000 (approx. US\$ 15.36) per bat as against the English willow bats whose retail price range between US\$ 220 to US\$ 450 per bat in the international market⁵³. The price differential arises as Kashmir willow bats are considered heavier than their English counterparts. However, while heavy bats have lesser swing, they are about 1% more powerful than light bats. Kashmir willow bats are also sturdier and have longer use-life. These attributes of Kashmir willow bats have not been popularized, and they are often considered an inferior variety of bat, thereby leading to price disadvantages.

Getting a GI tag for Kashmir willow could help in marketing the locally made cricket bats at the international level, and highlighting its positive attributes. Issuing the GI tag to Kashmir willow bats could ensure better product recognition, competitive pricing, better marketing and promotion, and eventually lead to higher value of exports.

To reap the benefits of GI Status, it would also be important for the GI brand to be recognized as a reliable and preferred brand in the market, with distinguishable positioning. Thus, the GI brand name for Kashmir willow bats also needs to be developed and marketed, and mechanism needs to be devised for ensuring that all products marketed under the GI brand meet minimum specific standards. In this regard, a certification body could be set up, that could provide certificate of authenticity for Kashmir willow bats. A repository of information about the companies/artisans involved in production and exports of Kashmir Willow bats could be maintained by the certifying body. This would ensure quality and uniqueness of the product.

⁵² Willow Industries in Kashmir Valley: Present Dynamics and Future Prospects, G.M. Bhat, M.A. Islam, A.R. Malik, T.A. Rather and F.M. Sofi, (Rashtriya Krishi, Volume 12, Issue 1) June, 2017

⁵³ Ibid

REDUCING IMPORT DEPENDENCE: A CASE FOR RAISING TARIFFS ON CHINESE SPORTS GOODS

Analysis in the previous chapters highlighted India's excessive dependence on imports of sports goods. A recent report by the Directorate General of Commercial Intelligence and Statistics (DGCIS)⁵⁴ further corroborates India's excessive import dependence on partner countries, especially China, for sports goods under HS 9506 (Articles and equipment of general physical exercise, gymnastics, athletics and sports)⁵⁵. The report calculates the Export Trade Intensity Index (ETII) and the Competitive Index (CI) for India and China (Details about the indices in Annexure 3). The ETII measures the relative importance of India in China's exports of sports goods under HS 9506, while the CI measures the relative importance of China in India's imports of these products.

Estimates of the ETII indicates that in majority of the sports goods under HS 9506, India is a relatively important export destination for China, as compared to the rest of the world (Table 18). Estimates of the CI also highlight the relative importance of China as an import source for these products for India, as compared to the rest of the world (Table 19). The only exception to this is imports of sailboards (950621) and lawn tennis balls (950661) by India, where China is a relatively less important import source.

Table 18: Export Trade Intensity Index (ETII) for Sports Goods (under HS 9506)
Exports from China to India

| HS Code | Product Description | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|--|------|------|------|------|------|
| 9506 | <i>Articles and Equipment of General Physical Exercise, Gymnastics, etc.</i> | 1.40 | 1.57 | 1.55 | 1.48 | 1.61 |
| 950611 | Skis for winter sports | 0.19 | 0.00 | 0.00 | 0.00 | 0.00 |
| 950612 | Ski bindings | 0.00 | 0.00 | 7.60 | 0.00 | 0.00 |
| 950619 | Ski equipment for winter sports | 2.42 | 1.27 | 0.85 | 0.05 | 0.01 |
| 950621 | Sailboards | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 950629 | Water-skis, surfboards and other water sport equipment | 0.92 | 0.56 | 1.04 | 1.47 | 0.41 |
| 950631 | Gold clubs | 0.72 | 0.72 | 0.20 | 0.50 | 0.30 |
| 950632 | Golf balls | 0.19 | 1.19 | 0.31 | 0.16 | 0.57 |
| 950639 | Golf equipment | 0.66 | 1.49 | 0.73 | 0.80 | 0.10 |
| 950640 | Articles and equipment for table tennis | 2.01 | 1.82 | 1.80 | 2.03 | 0.66 |

⁵⁴ Report on the unit values of India's imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

⁵⁵ Exports under this category accounted for nearly 55.3% of India's sports goods exports during 2019-20

| HS Code | Product Description | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|---|------|------|------|------|------|
| 950651 | Tennis rackets whether or not strung | 1.00 | 1.69 | 1.00 | 1.05 | 1.58 |
| 950659 | Badminton and similar rackets, whether or not strung | 1.19 | 1.12 | 1.02 | 0.93 | 1.15 |
| 950661 | Lawn tennis balls | 1.74 | 1.18 | 2.07 | 1.27 | 0.89 |
| 950662 | Inflatable balls | 0.54 | 1.64 | 1.82 | 1.69 | 1.24 |
| 950669 | Balls (Excluding tennis, table tennis, inflatable and golf balls) | 1.05 | 1.24 | 1.21 | 1.25 | 1.22 |
| 950670 | Ice skate and roller skates | 1.62 | 1.64 | 1.82 | 1.73 | 1.94 |
| 950691 | Articles and Equipment for General Physical Exercise, Gymnastics | 1.30 | 1.26 | 1.39 | 1.39 | 1.55 |
| 950699 | Articles and equipment for sports and outdoor games | 0.95 | 1.22 | 1.00 | 0.85 | 1.14 |

Note: ETII value of more than 1 implies more than the expected bilateral trade between the countries, and vice versa. For products shaded in blue, share of India in China's exports is higher than expected.

Source: Report on the unit values of India's imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

Table 19: Competitive Index for Sport Goods (under HS 9506) Imports by India from China

| HS CODE | Product Description | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|--|-------------|-------------|-------------|-------------|-------------|
| 9506 | Articles and Equipment of General Physical Exercise, Gymnastics, etc. | 1.52 | 1.49 | 1.66 | 1.61 | 1.64 |
| 950611 | Skis for winter sports | 42.67 | 10.12 | 3.28 | 36.49 | 73.74 |
| 950612 | Ski bindings | 16.17 | 15.94 | 16.76 | 8.95 | 2.62 |
| 950619 | Ski equipment for winter sports | 0.41 | 1.34 | 1.66 | 1.25 | 1.58 |
| 950621 | Sailboards | 0.87 | 0.00 | 0.00 | 0.03 | 0.11 |
| 950629 | Water-skis, surfboards and other water sport equipment | 0.99 | 0.76 | 0.61 | 1.11 | 1.65 |
| 950631 | Gold clubs | 1.50 | 2.13 | 3.38 | 4.17 | 2.60 |
| 950632 | Golf balls | 5.37 | 5.12 | 6.53 | 2.98 | 4.01 |
| 950639 | Golf equipment | 1.15 | 1.42 | 1.36 | 1.81 | 1.65 |
| 950640 | Articles and equipment for table tennis | 1.81 | 1.71 | 1.94 | 1.86 | 1.56 |
| 950651 | Tennis rackets whether or not strung | 5.51 | 5.14 | 4.84 | 5.19 | 2.67 |
| 950659 | Badminton and similar rackets, whether or not strung | 1.33 | 1.25 | 1.34 | 1.34 | 0.78 |

| HS CODE | Product Description | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|---|------|------|------|------|------|
| 950661 | Lawn tennis balls | 0.49 | 0.49 | 0.60 | 0.25 | 0.67 |
| 950662 | Inflatable balls | 1.23 | 1.19 | 1.29 | 1.12 | 1.40 |
| 950669 | Balls (Excluding tennis, table tennis, inflatable and golf balls) | 0.61 | 0.61 | 0.74 | 0.96 | 0.92 |
| 950670 | Ice skate and roller skates | 1.52 | 1.54 | 1.83 | 1.70 | 1.80 |
| 950691 | Articles and Equipment for General Physical Exercise, Gymnastics | 1.12 | 1.13 | 1.29 | 1.29 | 1.45 |
| 950699 | Articles and equipment for sports and outdoor games | 1.81 | 1.68 | 1.87 | 1.88 | 1.62 |

Note: A CI of more than 1 indicates more than expected share of China in India's import market for the product, and vice versa. For products shaded in blue, share of China in India's imports is higher than expected.

Source: Report on the unit values of India's imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

A key reason for excessive dependence on China is the price competitiveness of Chinese sport goods. Analysis indicates that China offers sports good to India at relatively cheaper unit rates on an average, when compared to other countries. This is true for all sports goods imported under HS 9506, except for golf clubs (HS-950631), table tennis equipment (HS-950640) and lawn tennis balls (HS-950661)⁵⁶. This has implications for India, as several companies are engaged in production of these sports goods in India. The large domestic market provides comfort to sports goods companies in times of downturn in global demand. Moreover, catering to the domestic market also allows these companies to achieve economies of scale, which in turn improves their price competitiveness. Flooding of the Indian market by Chinese sports goods is thus detrimental to the growth of the industry in India.

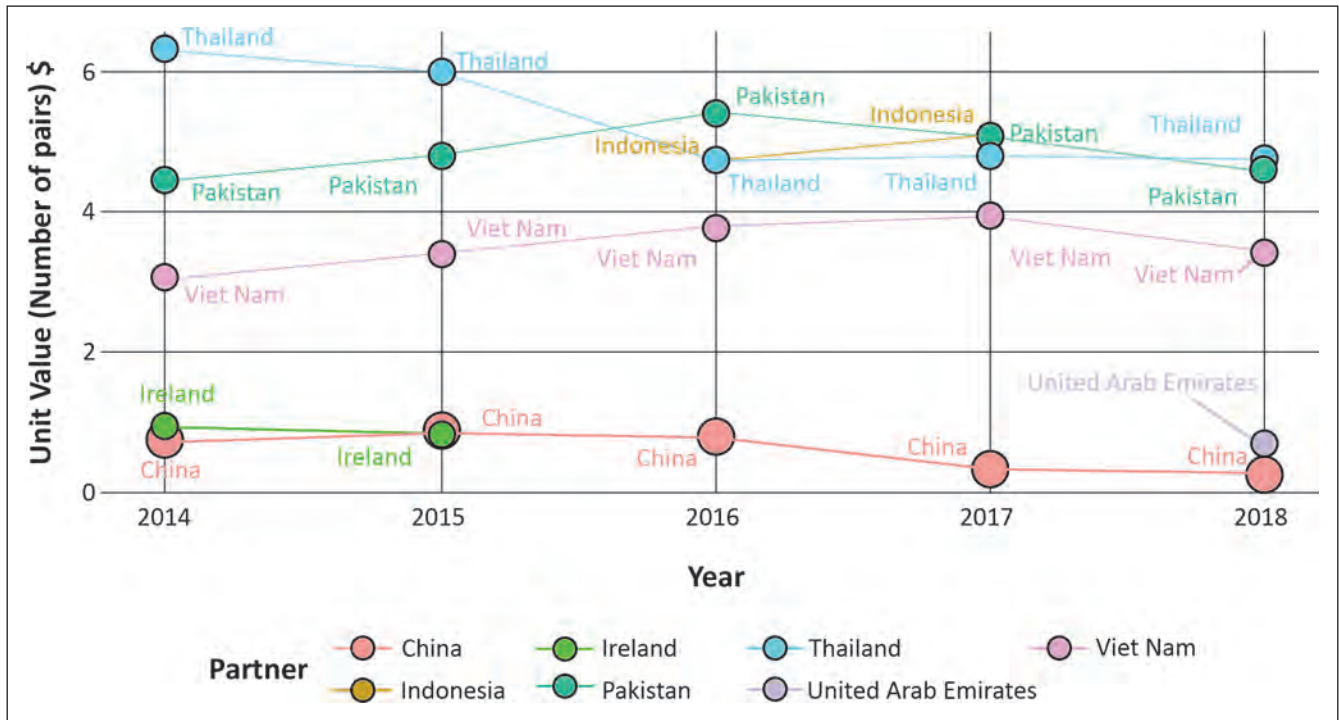
According to DGCIS, majority of India's imports from China under the category of HS 9506 are cheaper when compared to the imports from other countries. Analysis of unit value of imports of sports goods by India from China indicates that the unit rate of inflatable balls (such as football, basketball etc.) and other balls (such as cricket, hockey, rugby etc.) offered by China is the least when compared to other suppliers for India, and the unit rate has also been declining sharply in the recent years (Exhibit 21 and 22)⁵⁷. A comparison of unit values of China's exports to India vis-à-vis other top export destinations also reveals that China's unit value of exports to India is the lowest, indicating that China is offering the product at a significantly cheaper price to India, as compared to its other key export destinations⁵⁸ (Exhibit 23 and 24). In order to match the unit rate offered by China, domestic manufacturers have to compromise with the quality or cutback on margins, neither of which is a viable option for domestic players.

⁵⁶ Report on the unit values of India's imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

⁵⁷ Ibid

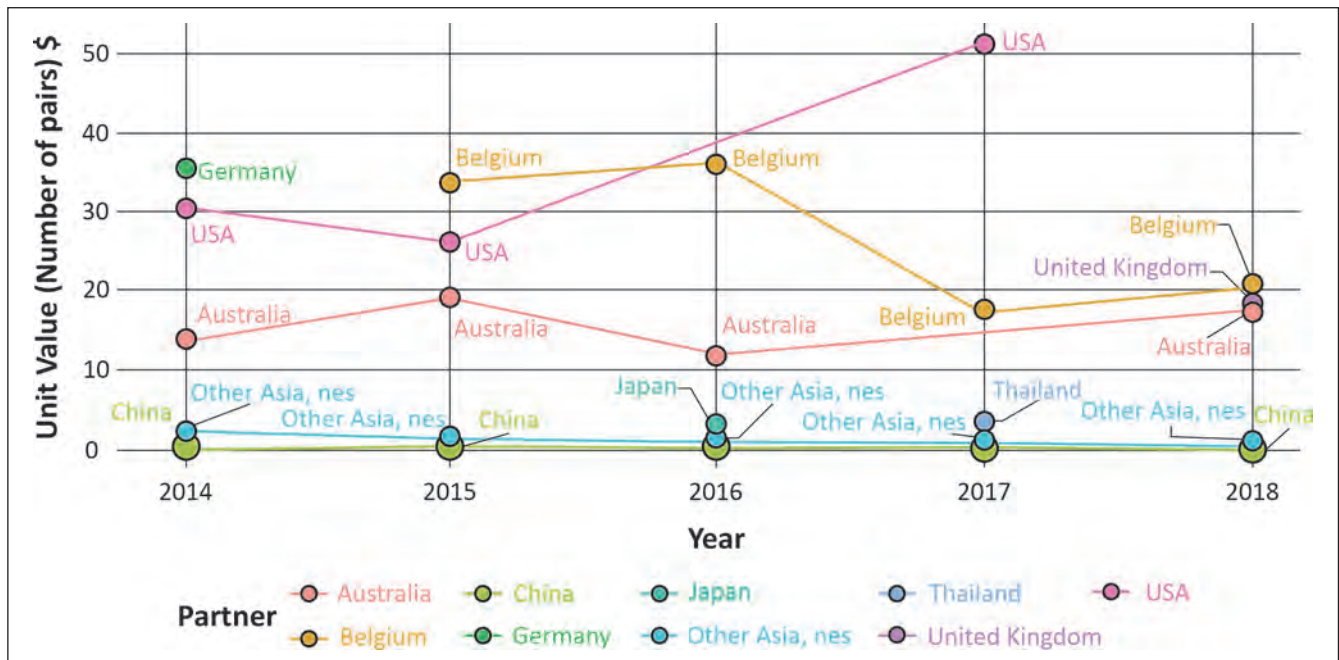
⁵⁸ Ibid

Exhibit 21: Supplier-wise Unit Value of Inflatable balls (HS 950662) Imported by India



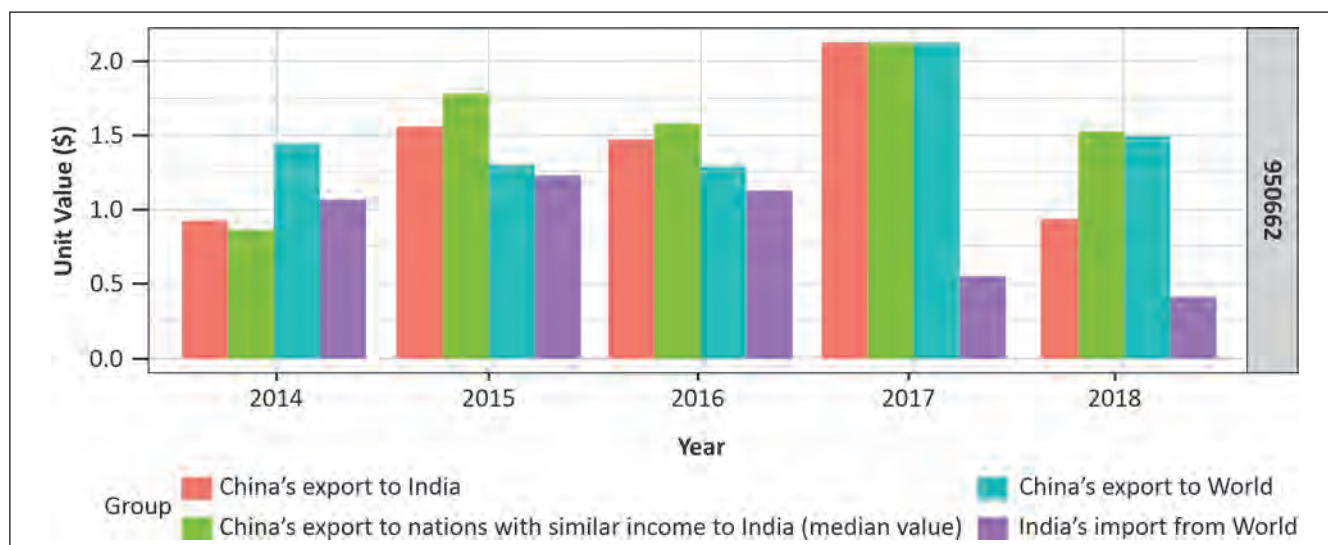
Source: Report on values of India imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

Exhibit 22: Supplier-wise Unit Value of Other Balls (HS 950669) Imported by India



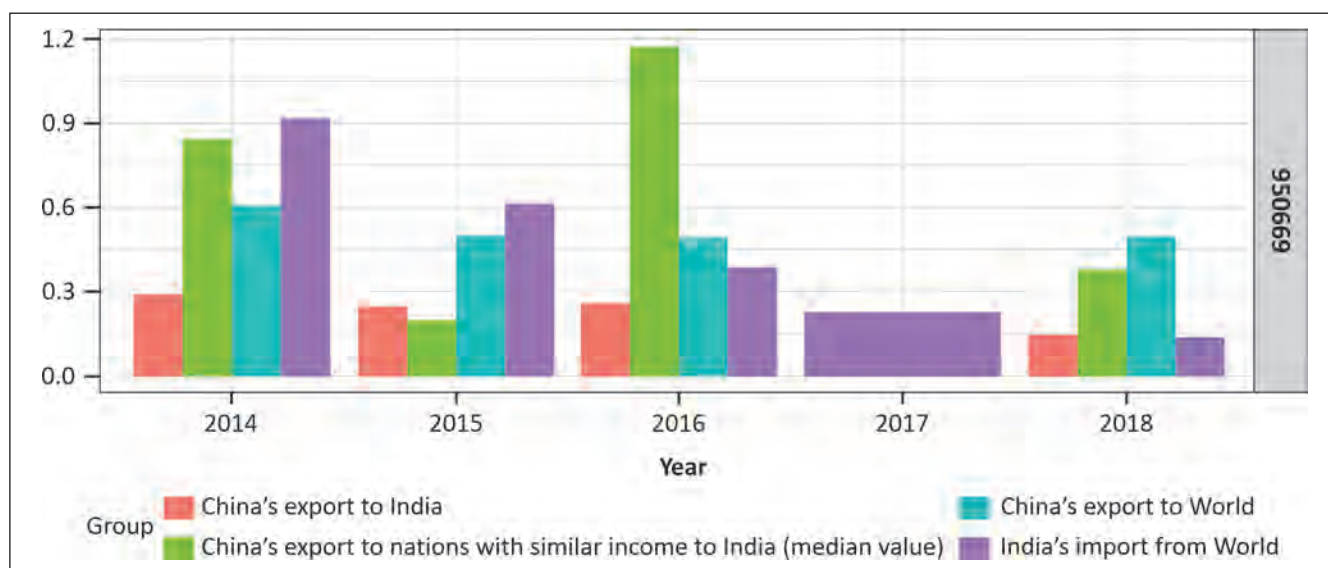
Source: Report on the unit values of India's imports of equipment for gymnastics, sports, outdoor games nes, DGCIS, 2020

Exhibit 23: Comparison of Unit Value of Inflatable balls (HS 950662) exported by China



Source: DGCIS; India Exim Bank Research

Exhibit 24: Comparison of Unit Value of Other Balls (HS 950669) exported by China



Source: DGCIS; India Exim Bank Research

According to the DGCIS report, in case a uniform tariff hike is imposed on imports of sports goods, the resultant increase in the absolute unit prices of imports would still be significantly less for Chinese products than for imports from other countries. Further, according to the report, there is a possibility that the imported Chinese products are of inferior quality than other nations. In that event, a uniform tariff hike may make higher quality products unaffordable, and in turn lead to a shift of consumer preference toward products that are of inferior quality. This effect is likely to be more prominent if the quality differences are difficult to distinguish.

Given the extent of difference in unit rates of sports goods offered by China to India, there is a need to consider increasing the tariff on imports of sports goods from China alone. This would, however,

entail a careful examination of demand and supply side factors, in order to ensure that such a tariff hike does not prove detrimental to the domestic industry or consumers. An investigation may be conducted by the Directorate General of Trade Remedies (DGTR) to further understand the injury caused to the domestic sports goods industry due to cheaper imports from China, and a relevant duty hike may be put in place to protect the domestic manufacturers, after due evaluation of the possible negative shocks that may emerge from such a move.

REMOVING POLICY BOTTLENECKS

There is also a need to review the inefficiencies in the existing policy framework that dampen the competitiveness of sports goods companies. For instance, duty exemption on imports of sports goods is available to the governing agencies/federations such as the Sports Authority of India (and States) and National Sports Federation (and affiliated State/district bodies)⁵⁹. These federations/agencies account for a significant share of the domestic demand for sports goods in India. Duty free imports of sports goods by these agencies, thus, put domestic manufacturers at a disadvantage, particularly in categories with adequate production capacities. At a time when the Government of India is focusing on making India self-reliant in manufacturing, such duty exemptions promote imports of sports goods, particularly from countries like China. The Government could consider removing the exemption in categories where India's production is internationally competitive, such as inflatable balls. To counter-balance, the Government could consider exemption of GST for a set of notified sports federations on their purchase of sports goods.

Price competitiveness of Indian exporters is also affected by some State laws that affect availability of raw materials. This is especially relevant in the case of cricket bats. The Cricket bat industry of Kashmir is facing a significant resource crunch. According to industry sources, while the demand for cricket bats has increased in both the domestic and international markets in the recent years, the replenishment rate of willow plantations in Kashmir is much lower. Each willow tree requires at least 20 years on an average before it can be put to use. This long growing period of Kashmir willow has pushed several cultivators in search of quicker returns to put their lands to other use. To sustain the industry, the clefts are now being procured from inferior trees such as Poplar, which take roughly about five years to mature. Although these poplar clefts can be used by amateur players, the professional bats, which have a bigger market in terms of value and margins, necessarily require the use of willows for clefts. The lack of appropriate state laws for replenishment of willow trees poses severe challenges to the sustainability of the cricket bat industry. In this regard, the Government of Kashmir could consider developing an action plan for sustainable plantation of willow trees in the State, in order to meet the increasing demand. Promotion of agro-forestry by the state government can also be an effective means of ensuring adequate production of Kashmir willow. Fodder crops like maize and sorghum can be grown along with willow for supplementing the farm incomes. Greater farm incomes would arrest the gradual reduction in area under willow due to competing demand for land from other economic activities. There

⁵⁹ General Exemption No. 145, 237 and 238 (Exemption to specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training)

is also a need to grow and manage the trees using scientific crop timelines, so that knots and other defects in clefts are reduced.

Further, the Government of Kashmir has imposed a ban on interstate export of raw Kashmir willows used in the manufacturing of cricket bats, in a bid to improve local value addition in the processing of clefts. Thus, cricket bat manufacturers outside Kashmir have to purchase semi-finished clefts Kashmir willow instead of raw willow for manufacturing of bats. However, according to a recent report, this law is regularly being flouted⁶⁰. In fact, interactions with industry sources revealed that this has led to increase in cases of smuggling of raw willows from Kashmir to other sports goods clusters such as Meerut and Jalandhar. The smuggled raw willows are reportedly sold at significantly inflated prices, often more than five times higher than the original prices. One of the reasons for increased smuggling of raw willows is the limited availability of processing units for conversion of willow to semi-finished clefts in Kashmir, in districts other than Srinagar and Baramulla⁶¹. Unavailability of high skilled labour is another reason behind the lack of scalability of clefts production in the state⁶². Moreover, the seasoning facilities in the clusters of Meerut and Jalandhar is advanced in comparison to the units in Kashmir. Units in Kashmir generally depend on natural seasoning of the willow cleft, which takes around 7-12 months. However, seasoning plants like those available with companies in the major clusters can dry the clefts within 24- 36 hours, thus making a huge difference in the efficiency of the supply chain⁶³. The Administration could address these issues of inadequate processing units, lack of skilled labour, and lack of modern seasoning facilities, to ensure adequate supply of semi-finished clefts to the manufacturers of cricket bats. Alternatively, the Administration could consider easing the restrictions on interstate movement of raw Kashmir Willow, till the time the processing units are sufficient to meet the requirement of the domestic industry. This could help improve the production and exports of cricket bats from the country.

BUILDING CAPACITY FOR INTERNATIONAL BIDDING

Mega sports events involve international bidding for sports goods supplies. Securing contract at such events is one of the ways to bring visibility to brand names and increase exports. However, the participation of Indian suppliers in mega events such as the Olympics, FIFA, has been rather subpar. China and Pakistan, on the other hand, have been key suppliers of sports goods in mega events, as a result of which, sports goods exports from the two countries have grown substantially.

International bidding is a tedious and often complicated process, involving various guidelines issued by the host country and/or the sports federation. The application process involves various stages and

⁶⁰ Willow Industries In Kashmir Valley: Present Dynamics & Future Prospects, G.M. Bhat, M.A. Islam, A.R. Malik, T.A. Rather and F.M. Sofi, 2017

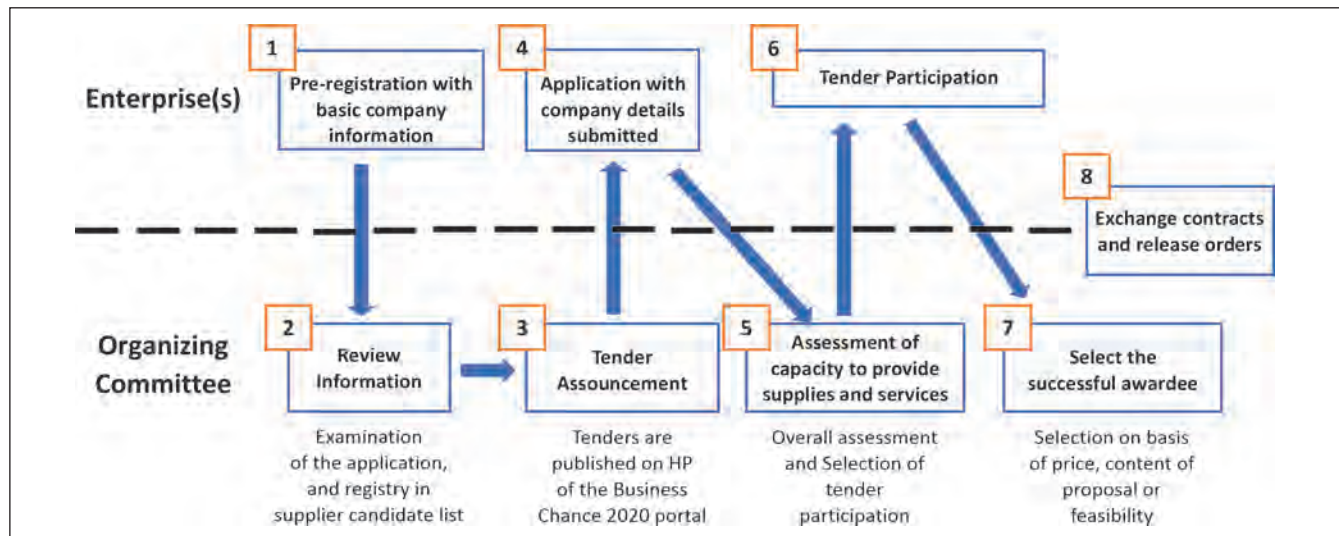
⁶¹ Chandra Mohan Rajoriya et. al. (2016), Willows of Kashmir and their Significance, International Journal for Research in Applied Science & Engineering Technology

⁶² Tariq Hussain Masoodi et. al. (2014), Cricket Bat Industry as an Economically Viable Livelihood Option in Kashmir: Present Status and Future Prospects, Forest Products Journal. June 2014

⁶³ Bilal Ahmad Dar and Imtiyaz-ul-Haq (2017), Value Chain Analysis of Cricket Bats Manufacturing Industry in Kashmir

entails cost to the bidding companies. Step by step process of competitive tender procurement for Tokyo Olympics 2020 is presented in Exhibit 25.

Exhibit 25: Steps in the Competitive Tender Procurement Procedure of Tokyo Olympics 2020



Source: Tokyo 2020 Procurement Information, Procurement Tender Procedures Established for 2020 Tokyo Olympics (USDA, GAIN Report Number: JA7042, 29 March 2017)

There is a need to build capacity for international bidding among Indian companies. Currently, the participation of Indian manufacturers in the bidding for international events is rather limited. There are several reasons for the limited participation, including lack of awareness, costs associated with the bidding for the events, and lack of physical presence in the host countries. To enable more Indian players to bid for supplying to international events, the Government of India could consider providing support to eligible exporters at various stages of bidding. This could be in the form of guiding exporters to meet the initial requirements and documentation. Awareness campaigns can also be organized to inform sports goods exporters about the upcoming events in a timely manner and disseminate information about the various pre-requisites, eligibility, and documents required for the bidding process. Consultancy services could also be provided to prepare various tendering documents. Additionally, Indian missions situated in the host countries of such mega events could liaison with the organizers on behalf of Indian companies during the bidding process, and coordinate with the Sports Goods Export Promotion Council (SGEPC) for dissemination of information about the bidding process as well as the opportunities. Liasoning by Indian missions could help in positioning ‘Brand India’ at international sports events.

The volume of sports goods required at these international events vary depending on the scale of the event and the type of sport. Both very low and very high volume of sports goods required during these events may be a challenge for the companies. In cases of large volume orders, exporters often lack the ability to scale up to meet the requirement, as MSMEs account for bulk of the production and exports in the sports goods industry. In case of large volume , the SGEPC could encourage companies to form consortium to bid for large tenders in the international events, with due consideration to uniformity and quality of products supplied by the companies in the consortium.

Lower volume of order may not make any commercial sense for Indian firms to participate in the tendering process as the associated costs may be higher than the monetary benefits. However, such participation may be crucial from the point of building reputation in the international circuit. The application and submission of tendering documents require certain fees and deposits to be made by the applicants. Additionally, the bids also need to be supplemented by different type of bank guarantees which also entail additional financial costs for the bidders. These costs are prohibitive for MSMEs. To support sports goods companies in bidding for supply tenders in mega events, a mechanism can be developed by the Government for sharing the costs associated with bidding in some of the key international events such as FIFA, UEFA, Olympics, ICC Cricket world cup etc. The Government can also consider providing financial support upto 50 percent of the fees applicable while tendering for such mega sports events and/or a certain fixed amount, so as to ease the financial burden on the applicants and encourage more domestic players to actively bid.

PROMOTION OF SPORTS GOODS THROUGH SPORTS TOURISM

Sports tourism is a type of tourism planned by individuals with the purpose of observing or participating in various sports events⁶⁴. Sports tourism has two forms— spectator sports (or passive sports tourism) events where people visit to enjoy the event, and participatory sports events (or active sports tourism) which encourage visitors to participate in an activity⁶⁵. Several countries have used innovative methods to boost sports tourism in their country (Box 1). With well-designed policies and financial incentives, India can also systematically boost investment in businesses related to sports tourism. This would boost demand for sports goods required to facilitate the tourism activities.

BOX 1: Select Success Stories on Promotion of Sports Tourism by Countries

Sportcity Manchester (The UK): Sportcity Manchester has the largest concentration of sporting venues in Europe. Many of the key facilities were originally built for the 2002 Commonwealth Games on derelict land in a part of East Manchester. The Sportcity provides facilities for football, cycling, tennis, squash and gymnastics, as also training, sport science and medical facilities. The Sportcity Public Realm Project and related projects supported by the European Regional Development Fund have transformed a formerly declining industrial area of East Manchester into a vibrant urban landscape with the largest concentration of sporting venues in Europe over a period of nearly ten years. Sportcity is a venue for over 400 events each year and receives over 4,500,000 visits annually.

Development of the Adventure-Tourism Centre of Kiviõli (Estonia): This project in the North-Eastern industrial area of Estonia is a good example of restructuring and diversifying the economy in regions with a challenging socio-economic situation, through the development of sport infrastructure. The Adventure-Tourism Centre of Kiviõli provides facilities for Alpine skiing (the longest Alpine skiing slopes in Estonia), a downhill course for bicycles, the largest snowboarding park in the Baltic countries

⁶⁴ The Significance of Sports Tourism, Radhika Kapur (2018)

⁶⁵ Ibid

with three levels, a hill car course, zip-line, motocross track, and a health track. The project has provided the much needed impetus to the sports and tourism sectors in the region. It also illustrates the intelligent use of infrastructure, including the successful and environmentally friendly reuse of industrial heritage and the residue of industrial production, since the centre has been developed on the highest artificial hill in the Baltic States – created from the residue from the processing of oil shale. The project has already enhanced Estonia’s appeal as a travel destination through the setting up of cultural/sporting and tourist facilities that are of international standards. Annually 30,000–50,000 additional tourists visit the centre at Kiviõli. The project has also been successful in generating private investment of nearly EUR 2 million (nearly US\$ 2.4 million) for the development of facilities for visitors in the neighbourhood.

Bird’s Nest Stadium (Beijing): Many new stadiums are being built with their tourism potential in mind and are therefore designed to be architecturally impressive. The Bird’s Nest Stadium in Beijing is one such stadium, known for its unusual façade. China has reported more than 30 million visitors to the stadium since its opening in 2008. These visitors bring income to the region as they spend on travel, food, and lodging in addition to ticket sales for stadium tours.

Source: Study on the Contribution of Sport to Regional Development through the Structural Funds: Good Practice Case Studies, The European Commission, July 2016; Sports infrastructure: Transforming the Indian sports ecosystem, PwC, March 2019

Sports Goods in Spectator Sports Events

Sports events, especially mega events such as Olympics and FIFA, are key contributors to sports tourism and have positive economic impact on the GDP and employment of host countries. Hosting international sports events comes with the potential for increasing GDP, tourist arrivals, foreign exchange inflows, and employment opportunities. Apart from these, sports events also provide an opportunity to domestic sports goods companies to supply their products for use in such events, gain experience in catering to the requirements of such events, and promote visibility of their brand names. Promoting sports events can therefore help in capacity building and marketing efforts of sports goods companies.

India has hosted numerous international sports events, including the first Asian Games in 1951, Commonwealth Games, ICC Cricket World Cup, ICC World T20, among others, and is also going to host the FIFA U-17 Women’s world cup in 2022. These events have led to increase in foreign tourist visits to the country. A case in point is the Commonwealth Games held in Delhi during October 2010, which led to a 10.5 percent y-o-y increase in foreign tourist visits during October 2010⁶⁶.

In spite of the success in hosting sports events, India remains below other developing countries such as China and Brazil in the Global Sports Impact (GSI) Index, which ranks countries bidding for and winning the right to host global sports event. India ranked 25th in the GSI Index for 2019, with 8 global sports events hosted by the country, much below the 43 events hosted by China. The scale of the events

⁶⁶ Ministry of Tourism

hosted by India is also limited as compared to other developing countries, such as Brazil. While Brazil hosted only one event more than India, its GSI score is much higher due to the greater size, scale and impact of the events hosted in the country (Table 20).

Table 20: Ranking of Select Countries in the Global Sports Impact (GSI) Index, 2019

| Rank | Number of Events | Country | GSI Score* |
|------|------------------|-------------|------------|
| 1 | 43 | China | 40,709 |
| 2 | 49 | The USA | 40,619 |
| 3 | 29 | Japan | 39,631 |
| 4 | 30 | The UK | 32,770 |
| 5 | 32 | Russia | 32,378 |
| 6 | 42 | Canada | 29,925 |
| 7 | 28 | France | 28,196 |
| 8 | 37 | Germany | 27,846 |
| 9 | 29 | Italy | 22,858 |
| 10 | 19 | Spain | 19,192 |
| 11 | 19 | South Korea | 18,827 |
| 16 | 9 | Brazil | 17,182 |
| 25 | 8 | India | 7,938 |

* Each event is given a weighting based on its GSI Rating. The rating is calculated using the latest events data across a range of indicators, measuring the size, scale and impact of an event.

Source: Sportcal's GSI Nations and Cities Index

There is a need to further improve India's position as a destination for sports events. An essential first step to prepare India for hosting greater number of mega sports events would be to bolster the sports infrastructure. As noted in Box 1, sports infrastructure development is a key tool for promotion of sports tourism across the world.

In order to strengthen India's sports infrastructure, the GOI had earmarked Rs. 1,143.33 Crore for the 'Khelo India' program in 2017-18, for a period of 3 years. The Scheme has been further extended till 2025-26, and an amount of Rs. 8,750 Crore has been allocated for the period 2020-21 to 2025-26. Nearly 65 percent of the total allocation under 'Khelo India' is meant for utilization/upgradation of sports infrastructure in the country.

Sports being largely a state subject, bulk of sports infrastructure is under the purview of state governments. Therefore, the role of state governments in development of the sports infrastructure will be critical. The private sector would be another important stakeholder in the strengthening of sports infrastructure in the country. The Central and State Governments, along with the private sector can explore development of sports infrastructure through public-private partnership (PPP) model. Modern forms of PPP like Refurbish, Operate, Maintain and Transfer (ROMT), along with traditional forms like Renovate, Modernise and Operate (RMO) and Build, Operate, Transfer (BOT) could facilitate the

participation of the private sector in the development, maintenance and operation of multi-purpose sporting facilities.

The GOI could consider establishing special sports zones (SSZs) for providing a focused approach towards infrastructure development for sports tourism. The SSZs could include, among others, a single window clearance for approvals on development of projects; tax relaxations; recreational benefits for the community; and world-class training facilities. The SSZs could be either developed as greenfield projects or as upgradation of existing sports facilities.

- **Greenfield model:** This model could focus on the development of new sports infrastructure through a PPP mode. New facilities could be built on a BOT basis, with the government leasing out the facility to the private sector entity for typically a long period of time. The private sector entity could in turn develop the facility, maintain and operate it, and then hand it back to the government on expiry of the lease. Such a model could ensure development of new state-of-the-art sports facilities, including stadiums, training facilities, academies, educational institutions, residential complexes, commercial spaces, restaurants, and other recreational facilities, as well as manufacturing zones for MSMEs operating in the sports goods industry. The infrastructure could be built on a revenue sharing basis as well. The private entity could be incentivised through single window clearances, tax relaxations, sale/lease of commercial spaces and housing units, and revenues generated from the utilization of the facilities. The SSZ created through this model could also be promoted as a tourist attraction by way of stadium tours etc., which could in turn enhance the occupancy rate of the facility and ensure increased utilisation.
- **Brownfield model:** This model will typically focus on the development of existing infrastructure by adopting an RMO/RMOT approach. Under this model, the government could lease out an existing underutilised infrastructure facility for a fixed period and appoint a private entity to renovate the facility and account for its maintenance and operation. This model will particularly be beneficial for saving the private entity's expenditure on developing a facility and establishing connectivity. The facility can then be upgraded according to requirements, for which the private entity would need to identify the existing infrastructure gaps and availability of resources to develop the infrastructure in the specific location⁶⁷.

These forms of PPP models would enable adequate risk sharing amongst the involved stakeholders and ensure mitigation by parties who have expertise in it. The Government's role would be crucial in the success of the PPP projects. The Government has already extended the viability gap scheme for the social infrastructure sector, which would provide a boost to sports infrastructure development. Apart from this, State Governments should also facilitate the development of sports infrastructure projects. In this context, the State Industrial Development Corporations could make land available for long-term lease for the sports infrastructure projects. Benefits like lower electricity duties could also be provided for the sports facilities.

⁶⁷ Sports infrastructure: Transforming the Indian sports ecosystem, PwC, March 2019

Sports Goods in Participatory Sports Events

Tourists also visit for active participation in sports. These tourists can be professional athletes for whom it is a way to earn their living, or amateurs who participate in sports for recreation and fun. There are several types of participatory sports tourism⁶⁸:

1. Tourism with sports content – This is the broadest type of sports tourism including a wide range of activities, as also a range of providers. In this, sports and sports facilities or opportunities do not play any part in the choice of destination, and are undertaken spontaneously rather than being preplanned. Examples of this type of tourism are swimming, beach volley, scuba diving instructions, archery instructions, etc.
2. Sports participation tourism – This involves multi-sport or single-sport sports participation in tourism at the most basic level. This excludes participation at higher levels, instructions and trainings. Providers in this section tend to be drawn from the commercial sector. Examples of this type of tourism are sailing, hiking, skiing, golf, and adventures sports.
3. Sports training – This comprises trips where the prime purpose is sports instruction and training ranging from beginners to elite athletes. Providers in this section can be from both the commercial and public sector. Examples of this type of tourism include training camps for cricket, football, basketball, etc.

India has substantial scope for a wide variety of participatory sports tourism, in areas such as adventure sports, golf, polo tourism, skiing, equestrian, rowing, among others. These participatory sports tourism activities should be incentivized in a manner which also leads to positive externalities for the sports goods sector. For example, to promote golf tourism, the Government provides financial incentives on cost sharing basis (50:50) for organizing international golf events, subject to a ceiling of Rs. 12 lakh each financial year to golf event organizers. The Government could create incentives for use of domestic sports goods in such events by offering to provide a higher share of the cost if the value of domestic sports goods sourced for such events are higher than a minimum threshold. The Government could also offer a higher support for organizing such events, if the tourists are given an option to lease goods produced by the domestic manufacturers during the events. This would promote acceptability of Indian sports goods in the international events as well.

FOCUS ON INNOVATION AND RESEARCH AND DEVELOPMENT

Top global exporters such as China, Japan, South Korea and Germany, among others, have a strong R&D base for sports goods and specialize in equipment intensive goods. In India, on the other hand, there is a lack of product and process innovation, and the companies largely produce trite goods. Indian companies should gradually diversify towards equipment intensive goods, which are higher up in the value chain, face less competition from low-cost suppliers, fetch higher margins, and generate higher value of exports.

⁶⁸ M. Peric: Sports Tourism and System of Experiences, *Tourism and Hospitality Management*, Vol. 16, No. 2, pp. 197-206, 2010

One of the reasons for low innovation in the Indian sports goods industry is the size of the firms. Most firms in sports goods clusters are MSMEs, which face size-induced market failures. Very few of the companies in the sector have the capacity to invest in R&D. Even in the larger companies, R&D investments are low, not exceeding 0.01% of their turnover⁶⁹.

To remain competitive in the international market and to keep pace with the consumer preferences, Indian sports goods industry would need to innovate and invest in R&D. Given the nature of the industry, companies alone would not be able to undertake investments in R&D, and a more collaborative approach to innovation is required in the sector, encompassing all stakeholders, including the Government, research institutions, and the companies.

Innovation in Material used for Sports Goods

Globally, innovation and R&D in sports goods sector has led to a shift in the usage of raw materials, from traditional inputs such as wood and rubber to advanced inputs such as carbon composite. Manufacturers are increasingly focusing on developing sports goods that are light weight, while maintaining the strength and durability of the product. The use of graphite shafts in golf sticks; fiber glass in skis; different types of polymers in basketball shoes; PU (Poly Urethane) in inflatable balls; and Kevlar in sail boats and hockey sticks, etc. are some of the examples of latest material related innovation done by leading manufacturers of sports goods globally⁷⁰. Further, many R&D-driven manufacturers have also been exploring use of nanotechnology for manufacturing sports goods. Use of nanotechnology offers superior levels of light weight, hardness, resilience, flexibility, amongst other characteristics⁷¹ (Table 21). Further, there is also a growing demand for smart sport goods, which use ICT and integrated sensors for performance monitoring.

There is significant research going on in the segment of technical textiles in India, which could unleash a new era of growth and innovation for the sports goods industry in India. The Wool Research Association (WRA) has been designated as a Centre of Excellence (COE) for sports textiles. The COE has been set up to facilitate high quality research and development in the sport textiles sector, and to provide a platform to the industry for developing new products, upgrading existing products and undertaking pilot projects for product development and technology transfer. The COE aims at providing critical infrastructure and facilities at one place such as laboratory, prototype development facilities, sample bank, competent manpower, training facilities, incubation centres, etc.

⁶⁹ Based on data from CMIE Prowess

⁷⁰ Present Scenario of Sports Industry in District Meerut-Policies and Weaknesses, Anita Malik, Sameer Verma, Int. J. of Trade and Commerce-IIARTC, Vol. 8, No. 1, pp. 75-86

⁷¹ Nanotechnology is a set of sciences and technologies that allow the manufacturing and control of molecular structures and its atoms at the nanometre scale (1 billion nanometres = 1 metre)

Table 21: Application of Nanomaterials across Sports Goods

| Nanomaterial | Sport | Benefits |
|-----------------------|----------------------|--|
| Carbon nanotubes | Tennis and Badminton | Increased stiffness, consistency, durability, resiliency, impact, repulsion power and vibration control of racquets |
| | Golf | Reduces weight, lower torque/ spin of clubs |
| | Kayaking | Enhances abrasion/ crack resistance and easy paddling in kayaks |
| | Archery | Better vibration control in arrows |
| Silica nanoparticles | Tennis and Badminton | Increases stability, power and durability of racquets |
| | Skiing | Decreases torsion index and facilitates transition in skis |
| | Fly-fishing | Enhances hoop and flex strength of rods |
| Fullerenes | Tennis and Badminton | Reduces weight and twisting of racquet frames |
| | Golf | Facilitates golf club whipping |
| | Bowling | Reduces chipping and cracking of balls |
| Carbon nanofibers | Cycling | Reduces weight and increases stiffness of bicycles |
| Nano clay | Tennis and golf | Increases resiliency and bounce of balls |
| Nano-titanium | Watercraft | Reduces weight and enhances speed of water-boats |
| | Tennis and Badminton | Resists deformation and increases strength and durability of racquets, transmits more powers to shuttlecock/ ball, more accurate shots |
| Carbon nano Particles | Road racing | Decreases rolling resistance, increases grip and mileage in tires |
| Nano-nickel | Golf | Increases moment of inertia and stability of clubs |
| Nano fibers | Several sports | Impertranspirable membranes for a significant increase of comfort combined with impermeable properties |

Source: Leading Sport Innovation Globally, Strategic Research and Innovation Agenda 2016-2021, EPSI EU

Since there is a strong linkage between the sportech and the sports goods, the scope of the COE can be extended to include the sports goods sector as well. The advanced research on sport textiles, and available infrastructure such as industrial sewing machine, ultra sonic sealing machine, hot melt laminating and coating machines could help the sports goods companies in developing new prototypes.

Apart from research on cutting-edge technology, alternative material for usage in sports goods could also be explored, especially in areas where raw material availability is a concern. One such raw material could be bamboo, which can be used instead of willow in manufacturing of cricket bats. A recent study

by the University of Cambridge has shown that bamboo is significantly stronger with a 'strain at failure' more than three times greater than willow and is able to hold much higher loads⁷². This means that the bats made with bamboo would be thinner while remaining as strong as willow. Moreover, a good quality willow takes 10-12 years to grow in order to be used for manufacturing cricket bats, while a bamboo takes only 5-6 years to grow⁷³. In India, bamboo is grown naturally in nearly all states. Clusters such as Meerut, which particularly face challenges in procurement of willow for manufacturing cricket bats, are likely to benefit from using laminated bamboo as a substitute, in the face of decreasing willow supplies. A collaborative research could be undertaken to identify the optimal dimensions and design of bamboo cricket bats, as well as to find the ideal shape and size for a wide range of uses, from training bats to professionally usable bats. Research is also required to develop the suitable technology to manufacture bamboo cricket bats for augmenting cricket bat exports from India. Commercializing the bamboo bats would enable Indian cricket bat manufacturers to sustainably cater to the growing demand for cricket bats in the international market. The use of bamboo bats for professional cricket would, however, require approval of the Marylebone Cricket Club (MCC), which is the governing body of cricket that regulates cricket bat material.

Institutional Support to Research

The institutional framework for research related to sports goods in India is ill-defined and inadequate. While India has institutes such as National Centre for Sports Sciences and Research (NCSSR) and Sports and Management Research Institute (SMRI), the success of these institutes in sports research, technological innovations and commercialization of innovative sports goods has been limited.

There are several global centres of excellence in sports technology and engineering that work with multinational companies on cutting-edge research to develop state-of-the-art sports goods. One such centre is the Institute for Sports Research (ISR) in Singapore, which is a collaborative effort between Nanyang Technological University (NTU) of Singapore and Loughborough University (LU) of the UK. The ISR effectively leverages the rich research resources of scientists from the partner universities, and translates the results of the research into real and viable products. The ISR relies on an incubation facility within its premises that is supported by an array of visual and physical prototyping facilities. In India as well, stakeholders need to adopt a collaborative approach to sports research, and focus on the prototyping and commercialization of the products. There is a need for a dedicated institute, on similar lines as the ISR in Singapore, for this purpose.

MECHANIZING FOOTBALL PRODUCTION

Today, almost every football manufactured in the world is made of synthetic leather. The leather is covered with a number of additional layers for waterproofing and coating. These layers are then printed and cut into panels of various shapes which are stitched together to form the ball. Currently, there are

⁷² Replacing Willow with Bamboo in Cricket Bats, Ben Tinkler-Davies, Michael H Ramage, Darshil U Shah, Journal of Sports Engineering and Technology, May 2021

⁷³ Ibid

four methods of manufacturing football, of which one is the hand stitched process, and the other three are mechanized production processes (Exhibit 26). The global market for hand-stitched footballs stands at around 45-50 million units per year, but the mechanized varieties sell at least twice as many.

Exhibit 26: Methods of Manufacturing Football

| Hand-Stitched | Machine-Stitched | Hybrid | Thermal Bonding |
|--|---|--|--|
|  <p data-bbox="207 725 456 917">These balls have deep and strong seams that benefit the durability of the ball. On average, a worker can make two balls in 8 hours.</p> |  <p data-bbox="526 725 774 917">This process is frequently used for balls that meet the minimum quality requirements at a competitive price.</p> |  <p data-bbox="844 725 1092 917">A combined process of stitching synthetic leather with an additional application of adhesive to glue the panels all together.</p> |  <p data-bbox="1162 725 1411 917">Instead of stitching the panels, these are placed inside a mould that is heated by a machine to press and glue the panels together.</p> |

Source: Football Technology, FIFA

The growth in international trade in footballs is driven by the marketing of these products at international tournaments, most notably the football World Cup, the European Cup, and the Olympics⁷⁴. Multinational brands such as Adidas, Nike and Puma dominate the football industry. These brands source the footballs from labor-intensive countries such as China, Pakistan and Thailand⁷⁵. Pakistan has particularly emerged as a key player in production of footballs, on the back of its transition from hand-stitched to thermo bonded balls. The shift was driven by growing competition from China in the manufacturing of football.

China primarily produced lower to medium quality machine-stitched footballs in large factories with mechanized production lines. Chinese footballs comprised training, recreational, promotional and toy balls, as well as laminated footballs. However, despite Pakistan's high-quality hand-stitched balls, the share of Chinese balls increased over the years due to higher productivity levels and improving quality of machine stitched footballs. Eventually, process and product upgradation made China the key exporter of the highest quality, top-end professional footballs, which were sourced by two of the major global brands viz. Adidas and Nike. However, in 2013, a Pakistani company viz. Forward Sports that manufactures Adidas's Telstar 18 football, made a switch from hand-stitched footballs to thermo bonded balls, whose panels are joined together through heat rather than stitches. This change in method of production led to exponential growth in exports of football from Pakistan, making it an important supplier of footballs in mega football events.

⁷⁴ Labour standards and technological upgrading, K. Nadvi, International Journal of Technological Learning Innovation and Development, January 2011

⁷⁵ Ibid

In contrast, India's football production has largely remained hand stitched. As a result, India has lost share in the export market for these products. The share of these products in India's exports of sports goods has also dipped from 12.0 percent in 2010-11 to 3.7 percent in 2019-20. In order to regain the lost ground in the market for footballs, mechanization of the production process of footballs would be important. This would require investment in machinery, towards which the Government can consider providing a capital subsidy of 15 percent. As most enterprises in the sports goods sector are MSMEs, the capital subsidy can be included under the scope of the National Manufacturing Competitiveness Programme (NMCP) of the Ministry of MSMEs.

SETTING UP COMMON FACILITATION CENTRES

As highlighted in the preceding chapters, the sports goods manufacturing industry in India is concentrated in the clusters of Jalandhar and Meerut. Analysis based on secondary research and industry interactions with companies indicates low productivity in these clusters due to several infrastructure bottlenecks. Sports goods manufacturers require critical facilities at various stages of production, such as designing, processing, testing and packaging facilities. Availability of state-of-the-art equipment at all stages of the production cycle is important to maintain uniform quality and improve productivity. But such equipment are often costly and inaccessible for MSME manufacturers.

One of the ways to provide access to high-end and capital-intensive, state-of-the-art machinery and equipment would be setting up of dedicated common facilitation centres (CFC) in the clusters. CFCs provide support in the aspects of marketing, production, material testing and skill development training at a single place. They generally include common production/ processing centre (for balancing/ correcting/ improving production line that cannot be undertaken by individual units), design centres, testing facilities, training centre, R&D centres, marketing display/ selling centre, common logistics centre, common raw material bank/ sales depot, etc.⁷⁶

Amongst the major sports goods clusters, only Meerut has a CFC called the Process cum Product Development Centre (PPDC). The PPDC is an autonomous organization under the Ministry of Micro Small and Medium Enterprises. The PPDC at Meerut consists of tool room, state-of-the-art testing centre and a training section. It is engaged in quality up-gradation, technical assistance, R&D promotion and providing training to the MSMEs in the region, especially those in the sports goods sector. It is also engaged in testing, inspection and consultancy for meeting the requirement of international standards. The testing laboratory of the Centre provides fast and convenient service to manufacturers and is able to serve its clients according to diversified market requirements. There is a need to set up similar CFCs at other sports goods clusters such as Jalandhar, Anantnag, Delhi, Mumbai, Pune and Ludhiana.

DEVELOPMENT OF MORE CLUSTERS AND SETTING UP OF PLUG AND PLAY FACILITY

In the sports goods sector, multinationals such as Adidas and Nike outsource their production to low-cost destinations such as China, India and Pakistan, with the outsourced segments typically being low

⁷⁶ Ministry of MSME

value-added activities in the sports goods supply chain. While this model leads to low-cost operating expenses, it increases the lead-time.

The Covid-19 pandemic has shaken the foundations of the traditional form of outsourcing across all industry segments, and companies are increasingly opting for re-shoring and regionalization. Reshoring would lead to greater focus on localization of value added activities at all stages of the GVCs within the country/region. The regionalization trend would lead to greater investments in regional market-seeking investments, in an effort to build more robust and agile supply chains. The traditional model is expected to be replaced by one where regionalised logistics hubs close to the point of demand are prevalent, enabling manufacturers to source from local component and sub-system suppliers and product integrators. As India is a large market, more foreign companies in the sports goods are expected to invest in building production and distribution value chains in the country to effectively tap the growing Indian market for sports goods. These production bases can also cater to the demand for sports goods in other countries, thereby increasing exports from the country. Moreover, foreign investments across all stages of the production cycle would also allow higher-value added activities such as design and R&D to take place in the country.

Until now, foreign investments in India’s sports goods sector have been limited. During April 2010 to April 2021, 13 key multinational brands⁷⁷ in the sports goods sector generated FDI of US\$ 8.63 billion globally, but the FDI coming into India was only US\$ 213.3 million. Of the 13 multinational brands, only 6 invested in India (Table 22). Moreover, nearly all the investment coming into India was in the manufacture of sports apparel/textile sector, rather than in sports goods. Investments in India have been relatively low as compared to developing countries such as Mexico and China (Table 23).

Table 22 : FDI by Companies in Sports Goods and Allied Sector in India (US\$ Millions)

| Investing company | Source Country | Capital Investment |
|------------------------|----------------|--------------------|
| Adidas | Germany | 133.4 |
| Asics | Japan | 29.2 |
| Puma | Germany | 14.6 |
| Reebok | Germany | 21.9 |
| TaylorMade-Adidas Golf | Germany | 6.9 |
| Under Armour | The USA | 7.3 |
| Grand Total | | 213.3 |

Note: “fDi Markets” database tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as companies can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets, India Exim Bank Research

⁷⁷ Adidas, ASICS, Brooks Sports, Champion Sports, Columbia Sportswear, Diadora, Fila, KappAhl Sverige AB, Lotto Sport Italia, Nike, Puma, Umbro, Under Armour

**Table 23: Destination-wise Foreign Investments by Sports Goods Companies
(April 2010 to April 2021)**

| Destination Country | Projects | Capex (US\$ Mn) | Avg Capex (US\$ Mn) | Jobs Created | Avg Jobs |
|---------------------|------------|-----------------|---------------------|---------------|-----------|
| The USA | 60 | 2,839.6 | 47.3 | 6,650 | 110 |
| The UK | 51 | 494.1 | 9.7 | 1,673 | 32 |
| Spain | 45 | 256.2 | 5.7 | 2,889 | 64 |
| Mexico | 32 | 103.8 | 3.2 | 3,237 | 101 |
| China | 31 | 879.4 | 28.4 | 2,033 | 65 |
| Canada | 24 | 1,058.2 | 44.1 | 940 | 39 |
| France | 22 | 175.9 | 8.0 | 482 | 21 |
| Poland | 21 | 123.5 | 5.9 | 1,185 | 56 |
| India | 17 | 213.3 | 12.5 | 707 | 41 |
| Total | 533 | 8,634.2 | 16.2 | 42,283 | 79 |

Note: “fDi Markets” database tracks cross-border investment in a new physical project or expansion of an existing investment which creates new jobs and capital investment. This data differs from official data on FDI flows as companies can raise capital locally, phase their investment over a period of time, and can channel their investment through different countries for tax efficiency.

Source: fDi Markets , India Exim Bank Research

Lack of adequate infrastructure has been a major constraint for attracting foreign investments into the Indian sports goods industry. In order to attract foreign investments from multi-national brands, setting up of plug and play facilities will be essential. Under this model, the built-in spaces already have basic facilities such as electricity, water, along with road, rail and sewage connectivity, and all clearances are available within a specified time frame, so that the investing company can commence operations smoothly and within the desired time schedule. A plug and play facility also eliminates the need for complicated processes such as land acquisition.

In the recent times, state governments have been actively engaged in the development of such facilities, in a bid to attract investments from foreign companies seeking to build resilient supply chains by diversifying operations away from China. Rajasthan, for example, has launched dedicated sports goods and toy zone in Khushkeda to promote manufacturing of sports goods and toys in the State. Over 7 acres of industrial land having 39 plots have been allocated for manufacturing sports goods and toys in the Khushkeda region. The sports goods and toy zone is expected to attract investments worth Rs. 300 crore and generate employment for 7500 people. Several domestic and foreign companies have already secured plots in the cluster. On similar lines, other states like Punjab and Uttar Pradesh which place great emphasis on the sports goods sector, can identify and allocate land areas for building plug and play facility to attract foreign investments in the sector.

APPROPRIATE REFUND RATE UNDER RODTEP

The GST regime has brought a paradigm change in the taxation of sports goods industry in India. Prior to the implementation of GST, there was no tax levied on the industry in the states of Jammu and Kashmir and Uttar Pradesh. Major sports goods manufacturing units of Punjab were also paying maximum tax component of up to 8 percent prior to the implementation of GST⁷⁸. Moreover, nearly 90 percent of units based in Punjab that were previously excluded from paying excise duty due to lower annual turnover (less than Rs. 1.5 cr.) are now subject to taxes under the GST regime⁷⁹. The implementation of GST led to a surge in the prices of sports goods, as the industry faces GST between 12 to 18 percent on most items⁸⁰; much higher than the rates of taxation in the pre-GST period. The Government has undertaken several steps to ensure that MSMEs are not affected by the GST. The GST Council has set the tax exemption limit to Rs. 40 lakhs in annual revenue. The turnover limit for businesses availing the GST composition scheme, which allows them to pay goods and services tax at a flat rate, has also been increased to Rs. 1.5 crore. Moreover, exports are considered zero-rated supplies under GST. The GST and customs duties levied on inputs required for the manufacturing of export products are either exempt or refunded. Input tax credit (ITC) of GST paid is available to companies. Also, if duty is paid on the exported product, then IGST refund can also be claimed.

It may be noted that many of the materials used by sports goods manufacturers are sourced from the agri and allied sector, which is out of the ambit of GST. But the inputs used in agricultural sector incur several additional duties and taxes, which are not refunded as ITC. Sports goods exporters also pay taxes on fuels, duty on electricity, toll tax, stamp duty, etc., for which no refund is available. Thus, there are several hidden costs in the form of taxes and duties that are incurred by manufacturers of sports goods in the country. In order to address the cost burden, the Government of India under its Scheme for Remission of duties and taxes on export products (RoDTEP) must set an appropriate refund rate for the sector.

CAPITAL SUBSIDY FOR ACQUISITION OF SELECT MACHINERIES

During India Exim Bank's interaction with the sports goods manufacturers, companies indicated the need for semi-automation at certain stages of the sports goods manufacturing process, such as the welding activities. Several buyers have made such automations a necessary condition for sourcing of sports goods, over concerns regarding quality and uniformity of products. Automating the various elements of manufacturing would therefore be important for tapping the export potential in the sector. Since machines required for automation entail significant investment, the Government could consider providing a capital subsidy of 10-15 percent towards acquisition of machines used in the manufacturing of sports goods. As discussed earlier in case of mechanization of football manufacturing, the capital subsidy can be included under the scope of the NMCP of the Ministry of MSMEs.

⁷⁸ Punjab sports industry in despondency, Varinder Singh, July 13 2017

⁷⁹ Ibid.

⁸⁰ Rates as published on the website of GST council

FISCAL SUPPORT FOR STANDARDS AND CERTIFICATIONS

Analysis in the previous chapters highlighted that the developed markets are the major importers of sports goods, but penetration of Indian companies in these markets has been low due to lack of standardization and certification of sports goods in India.

Sports goods exporters need to conform with various standards set by organizations such as American Society for Testing and Materials (ASTM), American National Standards Institute (ANSI), European Standards (EN), British Standard (BS), Deutsches Institut für Normung (DIN) and International Organization for Standardization (ISO)⁸¹, while exporting to the developed markets. Physical and performance tests of sports goods also need to be conducted to ensure compliance with national and international regulations, such as EN, Consumer Product Safety Commission (CPSC), Australian and New Zealand standard (AS/ NZS) and Guobiao (GB). Some sports goods, such as helmets and protective gear equipment also need to adhere to mandatory conformity markings such as the Conformité Européenne (CE)⁸². Some sports goods such as baseball, football, lacrosse, polo and soccer also need to conform to the standards of the National Operating Committee for Sports and Athletic Equipment (NOCSAE).

Further, international companies often work with general (i.e., not industry specific) sustainability initiatives. For example: SA8000[®], Fairtrade labeling and Forest Stewardship Council (FSC) certification. In the sports balls industry, the most relevant to date is SA8000^{®83}. Although no sports balls importer requires mandatory SA8000[®] certification from its suppliers, it is an added value to obtain SA8000[®] certification, since it is one of the few internationally recognized certifications that tackles labor issues. With the growing concern from international buyers about the sustainability of their supply chain, these certifications could certainly give a competitive advantage while securing contracts at international sporting events such as FIFA, which require adherence to social standards and certification.

FIFA has also introduced the FIFA Quality concept for footballs. FIFA Quality marks are an integral part of the FIFA Quality Programme, helping end users of football to identify products that have been tested and certified to the FIFA Quality Programme standards. There are three types of quality marks given by FIFA:

- **FIFA Basic:** The test requirements for this standard are designed to identify products that fulfil basic performance, accuracy, safety and durability criteria for football. The focus is on setting minimum standards while ensuring affordability for use at all levels of the game.
- **FIFA Quality:** The test requirements emphasize the durability and safety of these products more than for the FIFA Basic standard. Basic performance and accuracy criteria are tested, but the main focus is on ensuring extensive use.
- **FIFA Quality Pro:** The emphasis of the test requirements is on first-class performance, accuracy and safety. Products with this quality mark are designed for optimal performance and use at the highest level.

⁸¹ SGS S.A. (2012), Trusted for Real Life Safety, Quality and Sustainability Solutions for the Sporting Goods and Outdoor Industry

⁸² Ibid

⁸³ EU Market for Fair (and Sustainable) Sports Balls, Trade for Development Centre – BTC (Belgian Development Agency)

Getting these quality marks from FIFA involves substantial cost to companies. The lowest cost option is the FIFA Basic, which entails a basic administrative fee of CHF 500 (Nearly Rs. 40,000) plus a lab testing fee that is competitively priced, for a 2-year certification. FIFA’s Quality and Quality Pro certifications can be more expensive but provide good value for companies targeting top level leagues. FIFA Quality and FIFA Quality Pro involve fees (inclusive of admin and testing) of CHF 3,300 (Rs. 2.6 lakhs) to CHF 4,400 (Rs. 3.5 lakhs)— for a certification valid for 4 years. A commercial agreement with the FIFA for both Quality and Quality Pro certifications would also require a minimum guarantee of CHF 20,000 (Rs. 16.2 lakhs) for the 4 year period. Under a commercial agreement, both Quality and Quality Pro certifications are also subject to royalties per ball sold of CHF 0.75 (Rs. 60) and CHF 1.5 (Rs. 120), respectively.

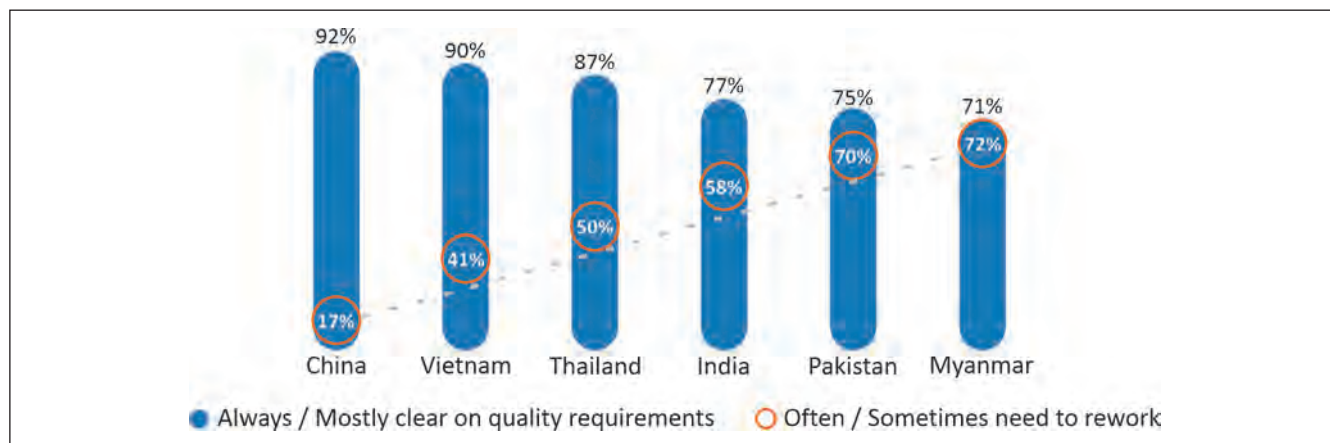
Since getting these certifications entail huge cost to the exporters, many small players are unable to access the international market. To improve market access for sports goods exports, the Government could consider providing a refund of expenses incurred on obtaining standards and certifications, to the extent of 50 percent of expenses incurred by exporters, subject to a ceiling per exporting unit. This will reduce the financial burden and improve competitiveness of sports goods exports from India.

AWARENESS THROUGH SEMINAR AND WORKSHOPS

Industry interactions by India Exim Bank highlighted that there is a general lack of awareness among sports goods manufacturers regarding the various Government initiatives and schemes available for promoting and facilitating exports. Further, as mentioned earlier in the chapter, there is also a need for guiding exporters to meet the necessary requirements and documentation needed for successful bidding in international events.

There is also a need for creating awareness regarding quality requirements, at the level of the workers. According to the Elevate Worker Survey data, workers in India’s sports goods industry are often not clear about the quality requirements and often need to rework. As compared to India, workers in countries such as China, Vietnam and Thailand have better understanding of quality requirements (Exhibit 27).

Exhibit 27: Comparison of Understanding of Quality Requirements and Need for Rework across Geographies in the Sports Goods Industry



Source: Elevate Worker Survey, WFSGI Magazine 2020

Therefore, there is a need to organize awareness and training programs for the sports goods companies. These programs can be organized by the SGEPC on important aspects pertaining to exports, including tender announcements, bidding procedure, business opportunities, standards, certifications and labelling requirements, among others. Information on these aspects can also be circulated via emails and newsletters to the exporters. Further, the SGEPC can also collaborate with the World Federation of Sporting Goods Industry (WFSGI) to organize periodic sessions to inform sports goods manufacturers in India about the compliance labelling requirement (CLR) database of the WFSGI, which provides information on up-to-date labelling requirements by country. The SGEPC could also create a special cell to provide information to micro and small units about the standards, certifications and labelling requirements. Additionally, interactive webinars could also be arranged in the light of Covid-19 pandemic, to remotely train and impart awareness about the changing landscape for sports goods. This will keep the manufacturers abreast about the global trends in the industry.

CONCLUSION

The sports goods industry has an untapped export potential of US\$ 227.4 million. If realized, it could help exports from the sector reach the US\$ 500 million mark. Given India's significant untapped potential in the sector and the Government of India's overall focus on building a self-reliant manufacturing in the country, the time is ripe for India to push for appropriate reforms to address the challenges in the sports goods sector, enhance domestic capabilities and improve export competitiveness.

A multi-faceted approach is required to improve the competitiveness of the industry including product and market diversification, building capacity for international bidding, promoting bundling of complementary sports goods and sportech products, removing policy bottlenecks, branding of Kashmir willow bats through a GI, providing fiscal incentives to companies, mechanizing the production of footballs, investigating possibility of raising tariffs on import from China, focusing on innovation and R&D, setting up plug and play facility for foreign investments, establishing CFCs for the benefit of MSMEs, and spreading awareness through seminars and workshops.



Categorization of Sports Goods

| HS Code | HS Description |
|---|---|
| Articles and equipment for table tennis, tennis, badminton and similar rackets | |
| 950640 | Articles and equipment for table tennis |
| 950651 | Tennis rackets, whether or not strung |
| 950659 | Badminton and similar rackets, whether or not strung |
| Athletics and Gymnasium Equipment | |
| 950691 | Articles and equipment for general physical exercise, gymnastics or athletics |
| 950699 | Articles and equipment for sport and outdoor games, swimming and paddling pools |
| Billiards and accessories | |
| 950420 | Billiards and accessories |
| Equipment for use in casino, bowling alley, funfair, circus, fairground amusements, etc. | |
| 930400 | Spring, air or gas guns and pistols, truncheons and other non-firearms (excluding swords, cutlasses, bayonettes and similar arms of heading 9307) |
| 950430 | Games with screens, flipper and other games, operated by coins, banknotes, bank cards, tokens |
| 950440 | Playing cards |
| 950490 | Tables for casino games, automatic bowling alley equipment, and other funfair, table or parlour |
| 950810 | Travelling circuses and travelling menageries |
| 950890 | Roundabouts, swings, shooting galleries and other fairground amusements; travelling theatres |

| HS Code | HS Description |
|---|--|
| Festive Articles | |
| 950510 | Christmas articles (excluding candles and electric lighting sets, natural Christmas trees and stands) |
| 950590 | Festival, carnival or other entertainment articles, incl. conjuring tricks and novelty jokes |
| Fishing equipment | |
| 950710 | Fishing rods |
| 950720 | Fish-hooks, whether or not snelled |
| 950730 | Fishing reels |
| 950790 | Line fishing tackle; fish landing nets, butterfly nets and similar nets; decoys and similar hunting or shooting requisites |
| Golf clubs and other golf equipment | |
| 950631 | Golf clubs, complete |
| 950632 | Golf balls |
| 950639 | Golf equipment (excl. balls and complete clubs) |
| Ski and Skating Equipment | |
| 420321 | Sports Gloves |
| 950611 | Skis |
| 950612 | Ski-fastenings (ski-bindings) |
| 950619 | Ski equipment for winter sports |
| 950670 | Ice skates and roller skates, including skating boots with skates attached |
| Sporting, hunting or target-shooting shotguns | |
| 930320 | Sporting, hunting or target-shooting shotguns, with at least one smooth barrel (excl. muzzle-loading firearms and spring, air or gas guns) |
| 930330 | Sporting, hunting and target-shooting shotguns with one or more rifled bores (other than spring, air or gas guns) |
| Tennis balls, inflatable balls, other balls (excl. golf balls, and table tennis balls) | |
| 950661 | Tennis balls |
| 950662 | Inflatable balls |
| 950669 | Balls (excl. inflatable, tennis balls, golf balls, and table tennis balls) |
| Water Sports Equipment | |
| 950621 | Sailboards |
| 950629 | Water-skis, surf-boards, sailboards and other water-sport equipment |

Source: International trade in sporting goods, List of HS Codes (European Commission); India Exim Bank Research



Tokyo 2020 Sole Supplier List

| Sport | Equipment | Supplier | Supplier Country |
|---------------------|--|---|------------------|
| Aquatics | Game balls and related equipment Judgment equipment | MIKASA CORPORATION | Japan |
| Athletics | Sports equipment including the track surfaces for athletics events | Mondo S.p.A | Italy |
| Badminton | Sports equipment and stringing service | YONEX CO., LTD. | Japan |
| Baseball/Softball | Balls | SSK Corporation | India |
| Basketball | Backstop units | Schelde Sports | The Netherlands |
| Basketball | Hardwood courts | Gerflor SAS | France |
| Basketball/Handball | Balls and related equipment | Molten Corporation | Japan |
| Basketball | Sport floorings | Enlio | China |
| Basketball | Ball and related equipment | Wilson Sporting Goods Co. | The USA |
| Cycling | Sports equipment and repair service | SHIMANO INC. | Japan |
| Handball | Sports floorings | Gerflor SAS | France |
| Judo/ Taekwondo | Competition tatami mats | Shandong Taishan Sports Equipment Co., Ltd | China |
| Rugby | Balls and related equipment | Grays of Cambridge (International) Limited. | The UK |

| Sport | Equipment | Supplier | Supplier Country |
|-----------------------|--|--|-------------------------|
| Sport Climbing | Climbing Wall | Entre-Prises | France |
| Sport Climbing | Auto Belay Device | C3 Manufacturing LLC | The USA |
| Table Tennis | Table tennis table and related equipment | SAN-EI Corporation | Japan |
| Table Tennis | Balls and related equipment | Shanghai Double Happiness Co., Ltd. | China |
| Tennis | Stringing service | YONEX CO., LTD. | Japan |
| Tennis | Game balls | Sumitomo Rubber Industries, Ltd. | Japan |
| Volleyball | Game balls and related equipment Judgment equipment | MIKASA CORPORATION | Japan |
| Volleyball | Sports floorings | Gerflor SAS | France |
| Volleyball | Volleyball Net and related equipment Official Referee Stand | Senoh Corporation | Japan |
| Volleyball | Game balls and related equipment | MIKASA CORPORATION | Japan |
| Volleyball | Beach Volleyball Net and related equipment Beach Volleyball Referee Stand | Senoh Corporation | Japan |
| Weightlifting | Sports equipment | Hebei Zhangkong Barbell Manufacturing Co.,Ltd. | China |
| Wrestling | Mats and training equipment | Shandong Taishan Sports Equipment Co., Ltd | China |
| Goalball | Goals | GOP Co., Ltd. | Japan |
| Sitting Volleyball | Balls and related equipment | Molten Corporation | Japan |
| Wheelchair Basketball | Balls and related equipment | Molten Corporation | Japan |
| Wheelchair Rugby | Balls and related equipment | Molten Corporation | Japan |
| Football | Balls | Adidas Japan K.K. | Japan |

Sourced: Tokyo Olympic Supplier List, India Exim Bank Research



Methodology for the Export Trade Intensity Index and Competitive Index

Export Trade Intensity Index (ETII): ETII is the ratio of a trading partner's (export destination) share in a country's total exports and the share of world exports going to the same trading partner. In other words, ETII measures the relative importance of country j in country i's exports, in comparison with country j's importance as an export destination for the world. An index value greater than one indicates that trade flow between countries/regions is larger than expected given their importance in world trade. ETII is measured as follows:

$$ETI_{ij} = \frac{(x_{ij}/X_{it})}{(x_{wj}/X_{wt})}$$

where,

x_{ij} = country i's exports to country j

X_{it} = country i's exports to the world

x_{wj} = world exports to country j

X_{wt} = total world exports

Competitive Index (CI): CI essentially measures the relative importance of country i in country j's imports, in comparison with country i's importance as an import source for the world. A CI of less than 1 or greater than 1 implies less than or more than expected market share in comparison to world market. CI is measured as follows

$$CI = \frac{(m_{ij}/M_{it})}{(m_{wj}/M_{wt})}$$

where,

m_{ij} = country j's imports from country i

M_{it} = country j's total imports from the world

m_{wj} = world imports from country i

M_{wt} = total world imports

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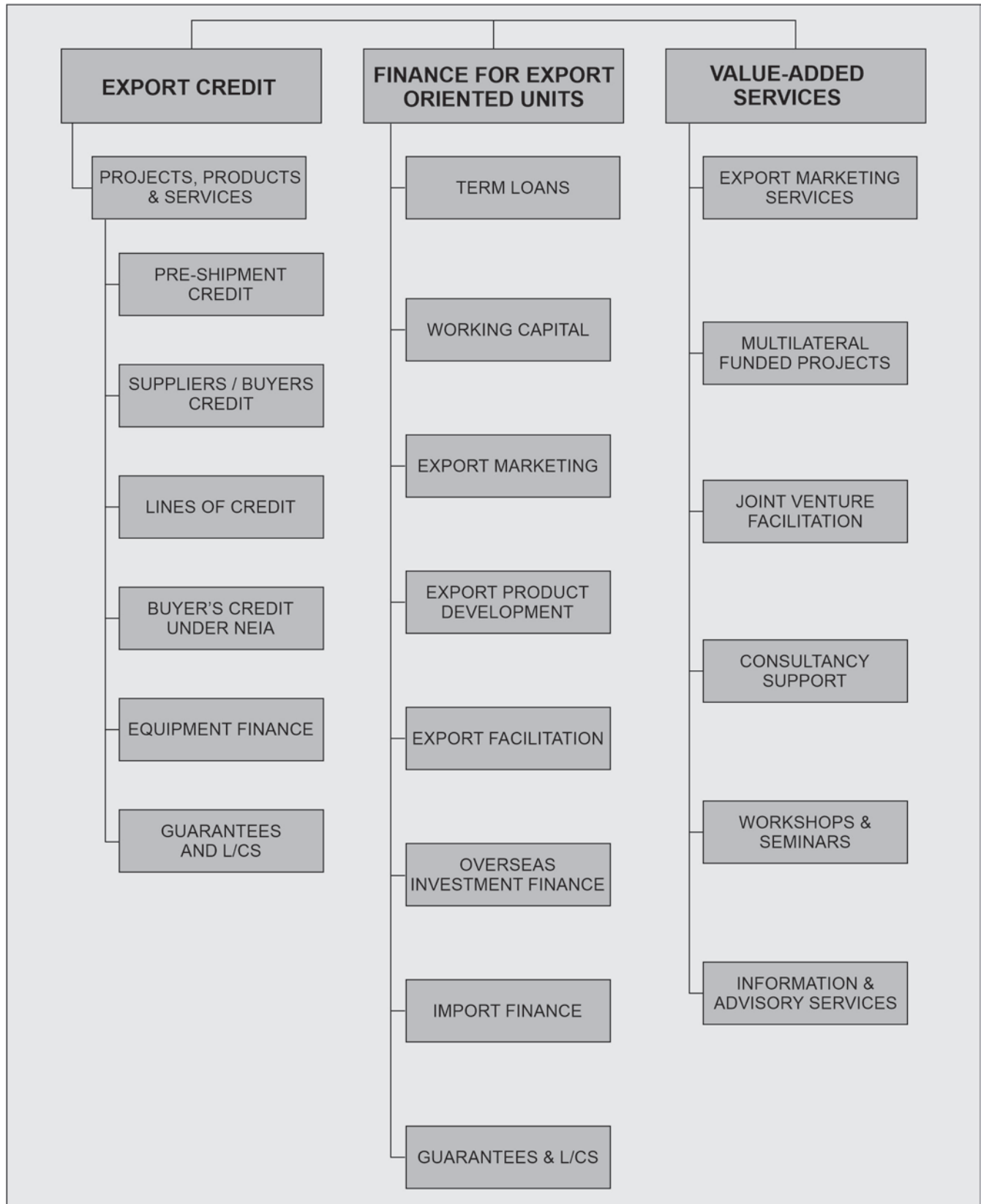
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