

Growth of Indian Economy Through Gaming

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Abstract

Gaming on digital platforms is not a new phenomenon but it has been recognized and has gained popularity in recent times. Presently, the gaming industry is blooming by thrashing all the boundaries and limits along with advanced technology. Gaming has not only been limited to playing and recreation but now has become a source of Income for players as well as content creators on digital platforms. This research aims at understanding the meaning and dimensions of digital gaming and its journey along with its benefits as well as negative effects. There are endless games available on different platforms, reaching us through applications and websites. In this research, an attempt is made to categorize these games in order to understand its genre. Moreover, a relevant aspect of the research deals with identifying the way in which digital gaming contributes to the growth of an economy with a special focus on an Indian economy.

Keywords: Gaming, Economy, Digital, Content, Growth

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Introduction

In the recent times, after the advent of smartphones when people were involved in playing casual mobile games, who would have imagined that the Gaming Industry would mold itself into a mammoth and contribute vehemently in the growth of our economy? And now, this is true as our perception towards gaming has changed due to the technological advancements. Moreover, the gaming industry promises a bright future for the digital ecosystem of our country. Online gaming during its earlier phase focused on the recreation element but now, it is much more than that; as it has become a career option and a source of income for the makers as well as the users, with involvement of the best skills, dedication and concentration which ultimately gives rise to addiction. Needless to mention the way how pandemic has contributed to boost this sector in terms of its every aspect as people were craving for indoor entertainment as they found gaming as a major source of recreation.

Digital games have become very popular and the companies who are the makers leave no stone unturned to promote their platforms. They spend a lot on marketing and promoting the games they offer. For e.g., Mobile Premier League (MPL)² became the official kit sponsor for India's men's Cricket team. Apart from this, famous celebrities like M.S. Dhoni promotes Dream 11, Sourav Ganguly promotes My 11 Circle, Bhubaneshwar Kumar advertises Playerzpot, etc. and they will definitely charge fees which may be beyond our imagination.

The Indian gaming industry stood at US\$ 930 million in 2020 and is poised to reach US\$ 3.9 billion, in value, by 2025. The online gaming market in India is projected to reach Rs. 155 billion (US\$ 2.12 billion) by 2023, from Rs. 76 billion (US\$ 1.08 billion) in 2020.³ Recently, during zero - hour session of the Rajya Sabha, a senior BJP Leader, Sushil Kumar Modi stressing on the need to regulate online gaming and imposing uniform taxes, mentioned that "the weekly time spent on mobile gaming was 2.5 hours, while 11 per cent of total smart phone time was spent on gaming. However, during the lockdown, the gaming time has increased to four hours. He added that more than 43 crore people are into online gaming currently, and the

² MPL is one of the biggest gaming application in India based on the number of unity games, special tournaments and even fantasy sports.

³ Indian Brand Equity Foundation, *Media & Entertainment Industry*, 29th Jan. 2022, 11:59 PM, <https://www.ibef.org/industry/media-entertainment-india.aspx>.

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number is projected to increase to 65.7 crore by 2025. The revenue earned by online gaming was Rs 13,600 crore and this is likely to increase to Rs. 29,000 crores in the year 2025.”⁴

After going through these statistics, the relevance of the gaming industry to our economy is made out. However, it is also pertinent to note and understand the brief history and evolution of online games on digital platforms and the present scenario.

Brief History

The history of video games dates back to early 1970. The first arcade game, computer Nutting Association launched in the year 1971. Since then, the craze for video games never stopped. Games like OXO 1959 and Spacewar! 1962 are earliest of the games that were played by few people with simple or no graphics. When the smartphones entered the market in 2007, there came a huge wave of transformation in the gaming industry. The games produced every year has expanded in terms of quality and quantity each year because of the explosion of internet capabilities and technology. In the past years, the gaming industry has seen many changes, from wardrobe to cocktail tables and from keyboard to handheld.⁵

Modern Day Scenario

In the year 2020 in India, there was a rise in online mobile gaming and India is on the number one position. As per Sensor Tower data, worldwide download of mobile games is 7.3 billons install and ranking in 17% market share of install volume. The main reason for the growth of gaming industry in India is due to Covid- 19 pandemic that made the whole world to sit home with closed door leaving people with cell phones, television, laptops to work from home and limited entertainment. As per KPMG⁶, Indian gaming industry is estimated to rise up to Rs.118.8 billion by 2023. Statista⁷ had predicted “third of global population would experience mobile gaming by the end of which by far is true”.

⁴ BrandEquity.com, *Sushil Kumar Modi Calls for regulation of Online Gaming*, Economic Times, 29th Jan. 2022, 11:59 PM, <https://brandequity.economictimes.indiatimes.com/news/digital/sushil-kumar-modi-calls-for-regulation-in-online-gaming/88087000>.

⁵ Himanshu Hooda, *Factors Affecting gaming experience: Views of game developers*, Jamk.fi, 30th Jan. 2022, 12:00AM, <https://www.theseus.fi/bitstream/handle/10024/150921/Hooda%20Himanshu.pdf?sequence=1&isAllowed=y>.

⁶ KPMG in India is one of the leading providers of risk, financial services and business advisory, internal audit, corporate governance. It is a global network of professional firm providing Audit, tax & advisory services.

⁷ Statista is a company providing special sources of knowledge on market and consumer data.

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Another reason is due to Covid-19 there were frequent lockdowns which urged people to download games which has resulted in huge impact and important factor responsible for the expansion of gaming industry. It is further predicted / presumed that the rise in gaming industry will grow exponentially in coming years ahead.

Looking at the current situation, India ranks fourth largest online gaming market globally and hence, the industry is required to have strong regulations and legal environment to help the business expand proportionally and in profitable way.⁸

Types of Digital Games

Digital games are played by users according to their convenience. Some may play the same for recreation or enjoyment while some may look upon digital gaming as their main or part source of income and therefore, each user may have their chosen genre of game in different category. There may be many different categories for the digital games as each game is launched with its unique feature or characteristic. However, here is an attempt to bifurcate the games into different categories so that, their types are distinguished to some extent.

One of the report of IAMAI (Internet and Mobile Association of India) has highlighted four categories of Digital Gaming.⁹

1. **Casual Games:** These are the games which are designed in the simple manner targeting mass audience. It may include games like action, arcade, puzzles, racing, strategy, etc. These are the games very similar to that of the ones which are played on handsets with or without any internet connectivity. It usually tests the analytical skills and general knowledge of the user. According to the said report, most of the users play casual games and female players dominate this category. It can be understood that casual games are played for fun and relaxation.
2. **Other E-Competitions:** This category involves card games like rummy and poker and also involves other skill games. The uniqueness of these games lie in the feature where it allows the user to earn money. They charge entry fee from its users and secure its monetization.

⁸BI India Partner, *India's online gaming industry has the potential to generate \$2 billion by 2023: EY-All India Gaming Federation report*, Advertiser & Media Insider India, 30th Jan. 2022, 12:10AM, <https://www.businessinsider.in/advertising/ad-tech/article/indias-online-gaming-industry-has-the-potential-to-generate-2-billion-by-2023-ey-all-india-gaming-federation-report/articleshow/85265749.cms>.

⁹ A report titled '*Unpacking a billion-dollar industry: Digital games and sports in India*', published on 23/02/2021.

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They are growing at 35% to 40% annually. The involvement of money adds seriousness and concentration in the gameplay from its users.

3. **E-Sports:** This category is attracting users at a fastest pace and is very popular among the youth generation. They are played online either individually or in groups and involves use of various game associated gadgets. It's a kind of different digital games which tests user's reaction time, multi-tasking, strategy, speed and other skills. These games are very much addictive and its users show a lot of dedication while playing such games. According to the study of the report, there are over 17 million users of e-sports in India. The makers of these games bring their income through in-app purchases, subscriptions, advertisements, streaming and broadcasting rights.
4. **Fantasy Sports:** These are not just games but can be a career option for some of the players as it is their source of income. Here, users build virtual teams consisting of their chosen players in different sports like cricket, football, kabaddi, handball, basketball, volleyball and hockey and then compete with the other users. The points gain of each team depends on the players who are selected. If a particular player which is selected delivers his / her best skills on the playing ground, then points are increased which further helps the user to raise his/her rank in the contest and accordingly, user wins real life money for the display of his/her skill and prediction. These games help to nourish the interest of the users who are more attracted towards the real-life sports and its tactics. There are paid contests and the makers keep their commission and awards the remaining amount to the user who finishes in the winning zone. Here along with the skill and prediction, the sports knowledge and research are very crucial to win over other competitors.

Apart from these categories, there is something called Cloud Gaming which are provided by online platforms like amazon and Google. It is a type of video game technology, where a user is given option to choose from the endless stock of the video games which are displayed on the screen and automatically can start playing the same without any loading time, data or storage hassles.

Economic Growth Through Gaming

India is marching towards becoming a Digital sports Hotspot, owing to the widespread use of the internet and thus, contributing towards being a marketplace of Digital gaming among the growing global economies. Out of all the types of sports, fantasy sports is bringing in more

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attention and as per FIFS-KPMG 2020 report¹⁰, CEA (Contest Entry Amount) of online fantasy sports market doubled to Rs. 16,500 crores in FY20 from Rs. 6,000 crores in FY19, at a growth rate of 167% over FY19-FY20. In addition to this, Gross revenues of online fantasy sports operators stood at Rs. 2,470 crores (US\$ 340.47 million) in FY20 as compared to Rs. 924 crores (US\$ 131.64 million) in FY19. It is expected to be worth US\$ 3.7 billion by 2024, paving a large entrance for new comers.

Digital gaming is putting in major contribution for the growth of our economy at a stable rate. It is believed by the industrialists that this sector shall become bigger contributor to the economy than the industries of music, movies and television put together.

Let us have a look at the specific areas of boosters due to Digital Gaming

I. Job Opportunities

A major reason for the stable growth of an economy is because of the working population. The gaming sector helps in this by creating job opportunities for the interested participants. Gaming industry in order to flourish, would definitely require bunch of smart people to create and manage the same. A dire need is felt for video game designers who design the outlook and version of the game along with its dimension. It is estimated that the job market for the game designers is expected to grow by 10% in the coming years.¹¹ In this field, the role of video game programmer is of very much relevance. A programmer of video game is a person who brings out the design of the video game to life and make arrangements for the different characters and missions in the games. For programmers, a market forecast is projected to be grown by 28% by the year 2028.¹² Apart from these categories, there are other posts like that of Animators, a person who renders testing and quality assurance, graphic designer, sound engineer, social media expert, brand manager, data analyst, etc. who play an important role in any of the digital game which is launched. This is how it allows creation of opportunities, thereby, keeps the economy growing. The market value of India's gaming industry was around 90 billion Indian rupees in financial year 2020. This was estimated to go up to over 143 billion rupees by 2022. The industry has been evolving at a rapid

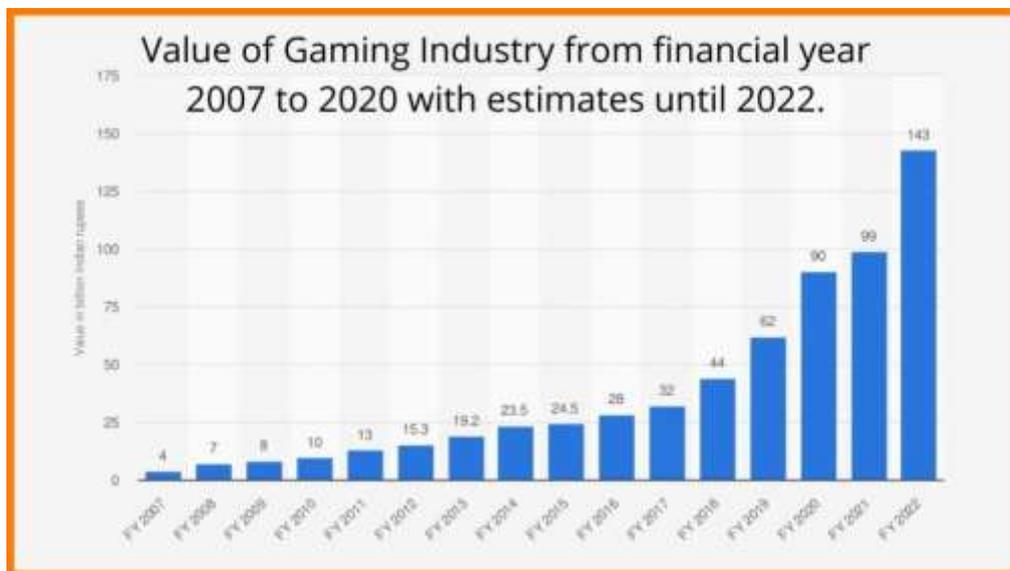
¹⁰ KPMG, *The Evolving Landscape of Sports Gaming in India*, Indian Federation of Sports Gaming, 30th Jan. 2022, 12:10AM, <https://assets.kpmg/content/dam/kpmg/in/pdf/2019/03/online-gaming-india-fantasy-sports.pdf>.

¹¹ Builtin, *Gaming Industry Overview*, 30th Jan. 2022, 12:13AM, <https://builtin.com/gaming>.

¹² Ibid.

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pace in the country, and analysts predict over 40 thousand new job opportunities by 2022.¹³



[Value of gaming companies from the financial year of 2007 to 2020 with estimates until 2022](#)

Source: [India - value of the gaming industry 2007-2022 | Statista](#)

II. Encouraging Innovations

The gaming industry in the present scenario is going through the best flourishing stage, where every passing day encounters admission of new users. With this cut throat competition, the makers would aim to pop up with the best technology, service and offers to the players in order to seek their attention. In order to achieve this, every upcoming game need to adopt some unique and attractive feature, without which, they would not be able to survive in the digital world because why would players leave the current game played by them, where they already have their account registered, invested money, if any and also have social connections with the other players and be a part of new one?

This thought would pave the way for innovations of new skills, strategies, artificial intelligence, etc. which in turn, would persuade them to gain intellectual property rights like patents and hence, the economy would also gain from the said innovation through the inflow of Foreign Direct Investments.

¹³ Statista, *Value of the gaming industry in India from financial year 2007 to 2020, with estimates until 2022*, Feb. 5, 10:22 PM, <https://www.statista.com/statistics/235850/value-of-the-gaming-industry-in-india/#:~:text=The%20market%20value%20of%20India's,143%20billion%20rupees%20by%202022.>

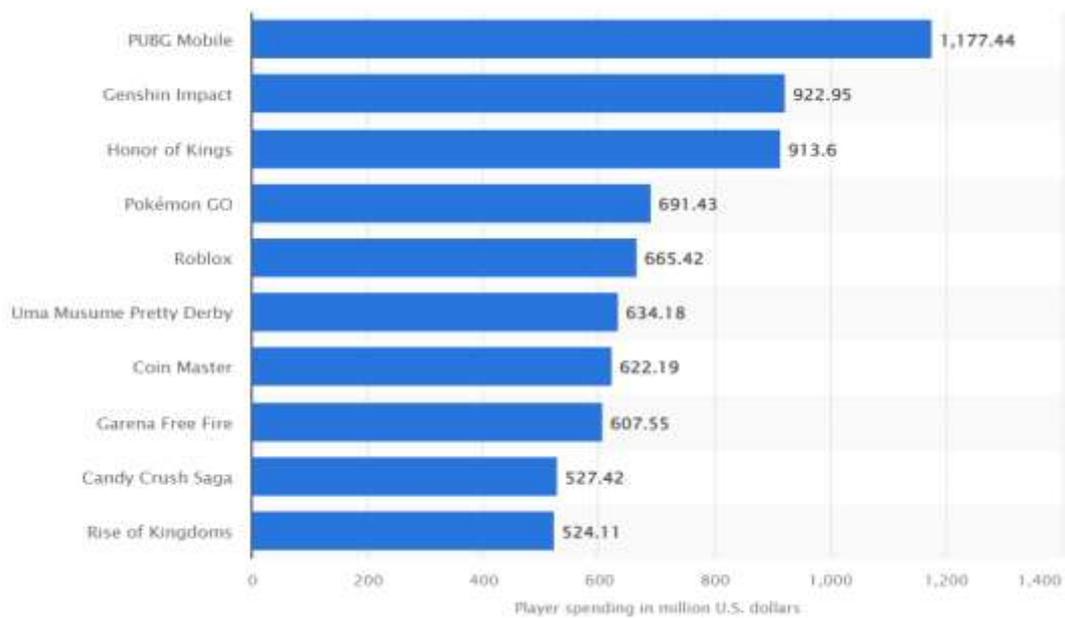
III. Revenue Generation

This is one of the indirect contributions, which is in the form of winnings of the users. If any user wins over and above a particular ceiling limit, then the winning amount is credited to the said user after deducting valid TDS, which indirectly adds on to the revenue of the government in the form of taxes.

Whenever a particular game is sold or whenever a user is persuaded to join paid cash contests, there is a cash flow in the economy which improvises GDP growth and attracts stable circulation of money. Apart from this, in-game purchases and subscriptions add a lot of revenue to the game developers as well as to the government. They are termed as Downloadable Content (DLC) which is a part of gaming's secondary market and a precursor to what gamers know now as microtransactions or in-game purchases. They would simply describe the attractive offers displayed to the players in order to improvise their gameplay and to make them better than others. For example, offers to avail vehicles, clothes, golden pass for availing higher rewards, etc. these offers are hard to be rejected by the addicted players and hence, they succumb to the offers and end up spending a lot from their pockets. Game developers have learned to take advantage of this new revenue source. It is estimated that only 5 to 20% of game communities take part in microtransactions, and the amounts they spend vary. However, this is still a significant amount, as the revenue generated is enormous for free-to-play games.¹⁴ It is estimated that global consumer spending on loot boxes reached \$15.265 billion (USD) in 2020 alone and is estimated to reach \$20.331 billion (USD) by 2025.¹⁵

¹⁴ Mike Colagrossi, *How Microtransactions Impact the Economics of Gaming*, Investopedia, Feb. 5, 10:22 PM, <https://www.investopedia.com/articles/investing/022216/how-microtransactions-are-evolving-economics-gaming.asp>.

¹⁵ Noah C. Hummel-Hall, *An Evolving Regulatory Framework For Microtransactions: Loot Boxes and Gacha Games*, Minnesota Journal of International Law, Feb. 5, 10:22 PM, https://minnjl.org/2021/12/04/an-evolving-regulatory-framework-for-microtransactions-loot-boxes-and-gacha-games/#_ftn7.



Source: Statista¹⁶

Above chart gives a statement of the highest gross revenue of mobile games worldwide from January to September 2021(in million U.S. dollars)

Growth of digital games as spectator sports also adds up to the revenue of the government as well as the gaming companies. Esports and other e-competitions command a loyal fanbase and are emerging as spectator sports, wherein live events are held for audiences to attend and spectate. These fans also spend a lot on buying merchandise, tickets, passes and other subscriptions.

The picture is now clear that the money will directly flow to the developers and the revenue that is generated will help the government to take the economy to the next level.

Advantages of Gaming

1. Brain Booster

As per the researchers, it has been observed that the gamers/players that play video games boosts and stimulates the brain of human beings that are responsible for memory, information gathering and fine moto skills. It also helps in fast reflex action, decision

¹⁶ Statista, *Highest grossing mobile games worldwide from January to September 2021*, Feb. 5, 10:22 PM, <https://www.statista.com/statistics/1179913/highest-grossing-mobile-games/>.

making on day-to-day basis as compared to those who do not play or the non- players up to 25%.¹⁷

2. Improvement in Skills

While playing games online there involves a risk-taking factor and the ability to use his intellect. It helps to be more patient, reaching to right or proper decision. A gamer in the long run is better at critical analysis and learns to handle difficult tasks and concentrate on the task at hand.

3. Quick thinking, Analysis and Decision Making

The players mind gets nourished as he has to make fast decision and analyze the entire situation while playing the game. Often the brain is in a serious workout that makes a player's ability to think quick and come to one decision. As per, researcher at University of Rochester, the game that has stressful situation like action or battlefield games, it is helpful to relate in real life situation to tackle. The study also suggests the gamer's decision while playing the games are more accurate.¹⁸

4. Gaming improves Problem Solving Skill

First of all, the gamer while playing the game has already trained its mind to deal and manage stressful situation which helps him/her to use this technique in real life as well. Some games may require a creative way to use and solve the game level to reach a certain goal, that helps the gamer to come to a decision and use his skills systematically.

5. Teamwork and Corporation

There are some games that require to be played in groups or with multiple players, in such situation the player must use his skills so the team attains its goal.

6. Socialize

¹⁷ Ila Adhikari, *11 Advantages and Disadvantages of Video Games*, Honest Pro & Cons, Feb. 5, 10:25 PM, <https://honestprocons.com/advantages-and-disadvantages-of-video-games/>.

¹⁸ Worst brands, *Advantages and Disadvantages of Video Games*, Feb. 5, 10:25 PM, <https://worstbrands.com/pros-and-cons-of-video-games/>.

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Online gaming makes it possible to communicate with people of different regions. This platform allows players to interact with each other and at the same time, to be better player.¹⁹

7. Financial Gains

Now, the online and digital gaming has become so much popular that many users pick it up as their career option as these games can allow them to earn real money, especially fantasy games provide that option of earning while playing.

Disadvantages of Gaming

1. Poor Academic Performance and Lack of other Hobbies

Thought gaming is considered as hobby but spending too much time on laptop or on screen forbids a player specially for children from learning new activity and going outdoors. Those children who are addicted to gaming will be at loss because of bad results in academic. If an individual is not educated, he cannot have professional career.

2. Cyber Bullying

Internet platform is one such medium how much ever it may be developed and secured there is always a chance that people around the world Tries to misuse internet user. Cyber bullying is a popular to distract gamers/players. The target group is often children.

3. Social Replacement

Video games are replacing real-time-human connections. Players/gamers who spend hours in playing online or video games, often separate themselves from others which leads to loosing relationship they have with others. Players/gamers often feel, spending time virtually is convenient rather than face to face meeting.

4. Violence

Battle-filed or fighting/war video games has great impact on child's mind, as they are unable to distinguish between the good and the bad. It's important and in the hand of

¹⁹ Mishal Roomi, *5 Advantages and Disadvantages of Online Gaming | Drawbacks & Benefits of Online Gaming*, Hitechwizz, Feb. 5, 10:25 PM, <https://www.hitechwhizz.com/2021/05/5-advantages-and-disadvantages-drawbacks-benefits-of-online-gaming.html>.

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parents as to what games their child should play or watch. Violent games results in lack of self-control, violent behavior of the child and emotional imbalance.

5. Stress

Playing online games continuously leads to addiction and other psychological stress. They may also suffer from low- esteem social anxieties etc. uncontrolled gaming could make the gamer feel guilty and other symptoms of mental disorder.

6. Obesity

Playing online games or video games means sitting in one place for longer duration. This makes an individual lack in physical movement and there is always pain in the muscle. Players are deprived of sleep which is another major factor which causes obesity.

7. Financial Loss

On one hand, online games may be a source of income for few but at the same time, they can create havoc in the life of players who are heavy investors. Too much greed to earn after winning can encourage them to invest high by paying hefty entry fees and if they lose, their defeat might cost them to lose everything they invested. Moreover, while depositing money in the wallets of these game application, there is high risk of fraud payment gateway, which will give rise to banking fraud.

Conclusion

It can be said that digital sports and games are no longer exclusively played for the recreational purpose. Amidst the Covid-19 pandemic, digital games had served a unique purpose of helping its users to battle with loneliness and ensured social connectivity among youths. The Gaming industry has become one of the most creative and opportunistic sectors in terms of not just being a source of entertainment but also as one of the prioritized career options for the youth population all over the world.

It is believed that Digital gaming has a powerful capacity to boost the Indian economy but we are still failing to identify its full potential as the traditional thinkers still believe that digital gaming is nothing but just a waste of time. There is a need to have clear and uniform laws so that the investors would not fear to invest and the users would not hesitate to rely upon this field as their career option.