Indian Economy · GS - III

The growing commercial value of sports leagues such as the Indian Premier League reflects the emergence of sports as a major economic sector. Examine the factors driving franchise valuations and discuss their wider economic significance.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 29/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

Sports economy; media rights; sponsorship revenue; brand value; employment generation; tourism; sports infrastructure; financial transparency; commercial sustainability

Model Answer

Introduction

The Indian Premier League has transformed professional cricket into a major commercial ecosystem. Reported valuations, including the estimated $2.1 billion valuation of Mumbai Indians, illustrate the economic significance of sports franchises.

Factors Driving Franchise Valuations

1. Media and Sponsorship Revenue

Broadcasting and digital streaming rights, advertising, sponsorships and merchandise generate substantial commercial income.

2. Brand and Fan Engagement

Team identity, player popularity, social-media reach and loyal fan communities strengthen a franchise's ability to attract sponsors and consumers.

3. Future Growth Potential

Expansion of digital audiences, international markets, licensing and associated commercial activities can increase expected future revenues. Enterprise valuation, however, is an estimate and may differ from an actual sale price.

Wider Economic Significance

Sports leagues generate employment in broadcasting, hospitality, event management, marketing and sports technology. They stimulate tourism, advertising and infrastructure investment while creating opportunities for athletes and local businesses.

Challenges and Way Forward

Revenue concentration, financial volatility, governance concerns and unequal access to sports facilities remain challenges. Transparent financial reporting, robust governance, grassroots investment and sustainable commercial practices can strengthen the sector.

Conclusion

Sports franchises demonstrate how entertainment, media and business intersect. Their long-term value depends not only on commercial growth but also on institutional credibility and broader development of sports in India.

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