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A study on the advent and the prospect of gaming industry in India

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Abstract

This study is designed to investigate the prospect of the gaming industry and its key drivers for market development in the ever-growing Indian market. With the highest number of the youth population in the world, India is well set to take off as one of the leading markets in the gaming sector. Videogames are pretty common these days but not long ago they were played on bulky computers and gaming devices that were expensive and hard to obtain for everyone. Now with easy availability of affordable mobiles phone, laptops, personal computers, and dedicated gaming consoles its penetration into the market has gotten a new prospect. This tremendous rise in popularity is mostly due to the increased accessibility of the crowd to video games and its availability over various platforms along with affordable technology available at one's fingertips. India's online gaming industry and e-sports are growing at a rapid pace with new startups emerging from every corner of the country.

Keywords: Videogames, gaming, virtual reality, artificial intelligence, streaming, cloud

1. Introduction

1.1 The Beginning

It all started in the early 90s when India was first introduced to gaming in the form of handheld consoles but the trend failed to pick up and it did not escalate as expected. Installing games on desktop computers were the other option for gaming enthusiasts however there were other options such as PlayStation from Sony, Xbox from Microsoft, and Nintendo consoles but their extremely high prices never made them lucrative enough to gain popularity in the Indian market.

1.2 The Current Scenario

If we fast forward a couple of decades the country saw immense growth in the smartphone distribution among the population with almost 40% them having access to it and increasing at a rate of 12% annually, supported by the data revolution providing them with fast the cheap internet access led the Reliance Jio, games are now available at the doorsteps with almost zero overhead cost this giving an adrenaline rush to the online gaming industry. Presently an average gamer spends around 42 minutes a day on mobile games. According to a study conducted by KPMG in 2019, the number of game development companies in India stands at around 275 with their number snowballing at an astounding rate. When we compare it with a number of the companies in 2010 which stood merely around 25, we can imagine the growth and possibilities that the gaming industry holds in India.

2. Drivers of Gaming Industry in India

- India is a considerably young country with almost half of its population under the age of 25.
- Accessibility of mobile phone and gaming devices at a low cost. India had 502.2 million smartphone users as of December 2019 and expected to reach the 859 million mark by 2022.
- India's monthly active internet user base is estimated to reach 639 million by the end of the year 2020, thanks to the COVID-19-induced lockdown that has compelled people to stay indoors. Current users are estimated at 574 million making it second only to China in terms of the number of internet users.

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- Strong and growing IT sector, India is growing as a popular option for backend development centers for major gaming companies.
- Presence of big development centers such as Microsoft, Nvidia, Electronics Arts, Ubisoft, 2K Games, Disney, Sony, Rockstar Games, etc.

3. Bifurcation of Gaming Industry in India

3.1 Mobile Gaming

India is amongst the top five online mobile gaming countries. Approximately 5.6 billion mobile gaming apps were downloaded in the year 2019, the highest in the world. With the introduction of popular games like PUBG, Fortnite, Call of Duty expanding their mobile gaming userbase in India. As per a study conducted by FICCI (Federation of Indian Chamber of Commerce and Industry), online gaming in India is expected to grow faster than the global online gaming industry. More than 150 million people in India play PUBG regularly, other games like Candy Crush, Clash of Clans, Farmville had gone viral a couple of years ago with users spending hours playing these games and inviting their friends to play along. NASSCOM data suggests that India's mobile games market will be worth \$1.1 billion by the end of 2020, and the number of users projected to become 628 million by then. With this increased potential for growth, major players in the gaming industry are more eager to invest a considerable amount in the country. This growth is reinforced by an equal increase in the number of mobile games reaching 368 million in 2022 from 269 million in 2019.

3.2 Computer Gaming

PC gaming is becoming a favorite choice among gaming enthusiasts and this change can be associated with the factor such as young population, affordability, quality of games, accessibility to high-end gaming peripherals, software and the most important, improved internet bandwidth. According to a study report by KPMG and the Indian Federation of Sports Gaming, the Indian online gaming industry is expected to produce revenue of ₹11,900 crores by the financial year 2023, growing at Compound annual growth rate of 22%. Among the gaming enthusiast's PC gaming is seen as a superior experience compared to traditional dedicated consoles because they provide a wide variety of customizable peripherals with constantly evolving technology. With an increase in the player base of popular online multiplayer games like DOTA, Counter-Strike Global Offence, League of Legends, APEX, Overwatch, PUBG, Fortnite, Call of Duty etc. the revenue generated from the industry is likely to surge with an immense pace.

3.3 Fantasy Sports and E-Sports

Fantasy sports gaming is a form of prediction-based online sports gaming where players generate their own team made up of real-life players from forthcoming matches. Fantasy gaming in the Indian market is anticipated to reach beyond \$5 billion in the next two years which evidently demonstrates the huge potential that the Indian gaming market offers thus enticing not only customers but also Venture capital and Private Equity Investors. In Indian market cricket is by far the highest-grossing fantasy sports with nearly 85% of users engaging in the sport, other sports include football, basketball, kabaddi, etc. Fantasy sports market has witnessed a rapid growth in India, with just 10

players functioning in 2016 to 150 operators plying their trade in the market in 2020 which includes big players like Dream11, Myteam11, My11circle, etc.

E-Sports is a digital media format where virtual game-play is streamed as video content, just like football matches, with players making money in millions. The E-Sports arena has also has experienced a huge upsurge within the Indian gaming scene with games such as DOTA, Counter-Strike Global Offence, Call of Duty, Fortnite, FIFA, Tekken, Street Fighter, etc. With popular gaming tournaments such as Dreamhack, ESL organized in the major cities with a prize pool steadily climbing up every year India arrived in the international league of e-sports. The eSports Federation of India reports a remarkable 264 million Indian gamers and competition prize money is increasing every year.

4. Foreign Investment in India's Gaming Market

Online gaming has gained a strong foothold in the Indian entertainment industry, with an expected user base of more than 628 million gamers this provides an immense opportunity for the foreign gaming giants to invest in India and tap the early bird advantage. Many of the international gaming firms have found the Indian gaming market lucrative enough to invest in, some examples of the businesses set up in India's online gaming sector are,

- Ubisoft, a French video game giant has set up two development studios in India.
- Rockstar Games, an American video game publisher acquired Dhruva Interactive, a Bangalore based video game development company in 2019 later merging into Rockstar India studio currently employing around 500 game developers.
- PayTM and Alibaba group's AGTech Holdings has formed a joint venture in 2018 through the investment of Gamepind's launch, providing a localized platform hosting popular and casual sports games. PayTM (through its parent company One97 Communications) invested US\$8.8 million for 55 percent holding while AGTech Holdings capitalized US\$7.2 million for the residual 45 percent shares.
- Youzu Interactive, a Chinese gaming company arrived in the Indian market in 2017 with plans to invest US\$10 million to develop local games and forge partnerships with current Indian game development companies.
- StomStudio, a Vietnam-based game developer has united with Indian game distributor and publisher, Gamesbond, to develop casual arcade games.
- Kolkata-headquartered online games platform Baazi Games strategies to invest US\$5 million in India's gaming market in 2020. The investment will emphasis on gaming start-ups to foster the newest gaming technology
- Tencent, a Chinese internet giant that has stakes in prevalent games like League of Legends, Call of Duty, and World of Warcraft, is planning to invest in the gaming industry in India.

5. Gaming in India amidst the Covid-19 Situation

As a result of nationwide lockdown due to the Covid-19 outbreak, people are compelled to stay at home and some are turning to the gaming platforms to kill their monotony. These platforms are enticing thousands and millions of new users in online gaming. Mobile games have observed an outpouring in the number of downloads across countries

throughout the pandemic. Mobile-based gaming platform, PayTM First Games, witnessed a surge of 200 percent in its userbase in March 2020. PayTM recorded over five million app downloads over the unending lockdown. Online localized games like Ludo recorded a growth of four to five times. Over 400,000 users are playing the Ludo game daily through the lockdown. It is anticipated that this number will rise to 1 million in approaching weeks. Over 200,000 new users are playing the game each day. On the platform, average time expended on games also amplified from 32 minutes to 45 minutes. Amidst the COVID-19 pandemic, even the World Health Organization (WHO) is encouraging individuals to stay at home and play video games. Gaming campaign #PlayApartTogether has gone viral over social media with the WHO and numerous gaming giants, such as the California-headquartered video game company Activision Blizzard backing it up.

6. The Way Forward For Gaming Industry in India

With the entrance of game streaming or cloud-based gaming, the Indian market presents a colossal market opportunity that extends outside interactive entertainment. Internet giants such as Google, Microsoft, Amazon, etc. are already working to introduce their own proprietary cloud-based game streaming platform which can seamlessly provide unhindered gaming experience to the game enthusiast all over India. Google is looking forward to launching its Stadia streaming service in the expectedly in 2021 which will enable gamers to play expensive games with buying discs or downloading games online, using Stadia's cloud-based service users can stream the game from the server without even downloading it to their respective device be it a computer, smart TV or even their smartphone. Virtual reality-based gaming is also a fast-growing sector in the country. What makes the Indian gaming market even more lucrative is the introduction of artificial intelligence. Artificial Intelligence would not only deliver an enhanced gaming experience but also support in providing high-quality games at lower budgets. The next phase of the Indian gaming industry must introduce an interactive ecosystem for users, developers, and marketers so that they can work together to make India a global hub for game development. The upsurge in the popularity of gaming will eventually lead to a greater demand for game developers in India.

7. Conclusion

The Indian gaming industry is undoubtedly one of the fastest-growing industries in the world and it provides enormous growth opportunities for gaming enthusiasts as well as the tech giants who are interested in the gaming sector. India's booming IT sector coupled with the unending supply of gamer's user base and increasing internet penetration across the country makes India the most lucrative market for game development and publishing companies. With more than 60 percent of the total population below the age of 35 makes India the largest potential market for online gaming in terms of pure volume. An increase in investment opportunities in the gaming sector has resulted in an increase in the rate of new startups in the online gaming sector. However, the expected boom in the gaming sector will only happen when it is accompanied by the constant innovation in the IT sector, emphasis on creativity and quality content wrapped in the Indian local

adapted themes and languages. Many more people are investing and starting up firms in the country. Over 400 startups in the gaming scene are already contributing to the growth of the industry. These startups face challenges in so many areas. These include funding required for developing high-quality content. But as more and more people consume the content, these startups will likely grow to become giants soon.

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