

AN ANALYSIS OF GAMING INDUSTRY IN INDIA

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ABSTRACT

India's gaming market is thriving. Video games are progressively taking the role of traditional games, which has an impact on how internet users use their leisure time. One of the main reasons for the surge in popularity of online gaming is the accessibility of platforms and game distribution mechanisms. The growing acceptance of internet gaming has spawned a new sector of the economy. The game sector, which employs creative workers, has gained notoriety in recent years. The market is changing, and the gaming business is growing along with it. These factors include rising interest rates, per capita income, and the number of dual-income households. Future growth in the market is anticipated due to rising smartphone and console usage as well as cloud adoption. In addition, the business is experiencing rapid growth in terms of consumers and downloaded games due to the current COVID-19 epidemic. This research paper identifies, describes, and addresses the developments that have contributed to the development of the gaming industry in India. It concentrates on the topic of the evolution and growth of the gaming industry in India.

Keywords: Gaming Industry, Growth, NAZARA, IPO.

I. INTRODUCTION

When it comes to potential future development and market size, the gaming business in India is booming. In the high-tech world of today, the gaming business is among the most important, innovative, and creative. It is regarded as one of the most fascinating sectors in the world because of its impact on advances in social, technical, and entertainment fields. The term "entertainment industry" is no longer limited to the cinema business or its various subsets with the emergence of the online gaming industry as a significant rival in providing entertainment to the general public. With the release of console and PC games in India in the early 2000s, the gaming industry—more precisely, the video game or electronic game industry—began to take shape in India. Video games were frowned upon in that age and thought to be primarily a kid's source of amusement. But attitudes and ideas about these kinds of games are always evolving, and people—adults in particular—are beginning to view them with a little more accepting and upbeat perspective. This is due to the advent of smartphones and mobile apps, which have made it possible for more Indians to pursue careers in gaming. Over the past several years, there has been a considerable growth in the gaming business in India. Due to investments from major tech-based and tech-backed organizations, like Azure, Tencent, Alibaba, and Nazara, among many others, it has seen tremendous development. By 2024, the gaming sector in India is expected to have grown from its 2019 valuation of around 62 billion Indian rupees to over 250 billion rupees. The quantity of new positions available in the nation's gaming sector is a reliable indicator of the industry's ongoing change. It is anticipated that the sector would employ more than 40,000 people by 2022. The primary purpose of this research paper is to find out the viability of gaming in India and also the opportunities that This study paper's main goal is to determine if gaming is a viable business in India and what potential it will present for the country's economy and GDP, job creation, talent development, and technical improvement, among other things. Although gaming is still relatively young in India, it has a lot of promise and by 2025 is expected to play a big role in the country's main sectors. The study aims to determine how India's gaming sector compares to other nations in terms of growth trends and patterns. Due to the epidemic, the sector had its greatest boom to date during the lockdown, when the majority of people turned to mobile games for amusement and social interaction. It is clear that change is in the air across the nation, and the gaming sector in India has the potential to grow to be one of the largest and most prosperous in the nation

II. LITERATURE REVIEW

- Lucintel (2019) - There seem to be a lot of prospects for the worldwide video game business in cellphones, laptops, PCs, and consoles. At a compound annual growth rate (CAGR) of 6.4 percent, the global video game market is expected to reach \$179.1 billion by 2024. Smartphones and internet game streaming are driving the expansion of the video game business.
- Mordor Intelligence (2020): As interest rates, per capita income, and the number of dual-income households rise, the gaming sector is growing and playing a larger role in the global market's transformation. The sector has a bright future because of the rising usage of consoles and smartphones as well as the penetration of the cloud.
- Shaffer, David Williamson (2004) - Dispelling the myth that video games are just for entertainment is the first step toward understanding how they can (and will) impact education. Since they let players immerse themselves in other worlds, video games are essential. They represent more than just a multibillion-dollar industry, an enticing plaything for kids and adults alike, and a means of achieving computer literacy.

OBJECTIVES

- The study paper aims to investigate the development of gaming in India and assess the potential for future expansion of the gaming sector in India.
- To evaluate the Indian gambling industry's current situation to ascertain the opinions of individuals on gaming

III. RESEARCH METHODOLOGY

In order to make comparisons and determine the growth prospects of the gaming industry in India, secondary data from sources such as company reports, industry reports, journals, magazines, press releases, etc. was gathered using both quantitative and qualitative methodologies for this research paper. The sole listed gaming firm underwent (time series) forecasting using SPSS in order to assess the company's future viability. Furthermore, primary data was gathered by a brief survey administered via questionnaires.

The greatest amount of data possible has been gathered in an effort to conduct an analysis, including:

Market revenue estimation: Estimating market revenue based on distribution channels, smartphone users, online gamer penetration, and internet users in India. The volume prediction for 2021 is centered on similar nation norms, predicted improvements internet penetration, and the expansion of India's smartphone user base.

Global Comparison: Among the top gaming economies examined were the United States, Brazil, the United Kingdom, Malaysia, Thailand, Japan, and China. To support forecasts for the Indian market, studies of consumer behavior, market characteristics, industry structure, and stage of growth were conducted.

IV. LIMITATIONS

Since all research studies have certain flaws, none can be perfect. This piece is not an anomaly. It also has shortcomings.

These are only a handful of them:

- The primary source of data for this study was previously processed secondary data that was available to the public. From here on, the accuracy of secondary data will determine how reliable the study's result is.
- Because the business is relatively young in India, one of the study's main drawbacks is the dearth of readily available information.
- The sample size for performing investigation on primary data is tiny and restricted. Time restrictions were the cause behind this.
- The market climate is highly unpredictable, and consumer behavior is always changing. What is true today could not be true tomorrow as a result. Therefore, this research might not be necessary in the future.

V. PLANNING

1. Conceptual Framework

1.1 Evolution of Gaming in India



Since its start, gaming in India has advanced significantly. In India, video games have never had the best of reputations and, for the most part, still don't. But games are no longer taboo as they once were since mobile gaming has come to be associated with phone users. Having said that, games used to be seen as a waste of money and time, a kid's activity, and a source of disgrace for anybody to admit to their family that they like or played games. It makes sense to assume that the Indian gambling market was against it as a result. When console and PC gaming exposed a number of middle-class Indians to digital gaming platforms in the early 2000s, the Indian online gaming business had its start. However, only a tiny client group was able to consume them because to the high cost of PCs and consoles. The emergence of social media platforms and piracy in the mid-2000s altered this dynamic. Through a variety of social media channels, the online community started to investigate, educate itself, and exchange games. Worldwide publishers controlled the supply at this period. International gaming corporations started opening local storefronts in order to get into the Indian gaming market. There were 25 local service providers by 2010, up from five significant gaming enterprises in 2005. Additionally, smartphones had begun to acquire popularity around this period, taking the position of the gaming business began to see an increase in volume of consumption around 2010. During this period, there were 250 gaming businesses in India, and they started releasing their own games. A number of these titles cracked the top ten list of all-time highest grossing and most downloaded games, which is currently dominated by international companies. On the other hand, investments in gaming enterprises continued to be modest. However, it may be argued that this was the most significant stage that had a major impact on how gaming will develop in India in the future. India has experienced enormous development in online entertainment due to the entry of big online video businesses into the industry in recent years. The purchasing habits of Indian consumers have been greatly influenced by these companies. Customers are becoming more comfortable with digital payments and accessing entertainment material via the internet. Online gaming is expected to receive the necessary boost in the future due to growing confidence and the perception of its relevance. It is anticipated that the growing trend of investors in Indian developers would continue. Indian developers are anticipated to focus on the regional market, which is supported by advanced consumption, latent capacity, a wealth of resources, and skilled labor. The focus will continue to be on creating games for smartphones in the foreseeable future.

1.2 The Indian Gamer



The interests of the younger generation in digital sports and entertainment are being welcomed by India, the largest country in the world with the youngest population. Additionally, the number of people playing mobile games is growing and doesn't appear to be slowing down due to the emergence of reasonably priced gaming cellphones. Industry statistics indicate that less than 60% of Indian internet gamers are younger than 24. Online gaming is more common among younger internet users, particularly those using mobile devices. The gender distribution of players is skewed, with 83% of all online gamers being men. This is because 80 percent of metropolitan internet users are males, resulting in a lopsided gender distribution. The gender distribution for online gaming indicates that all genders exhibit biases notwithstanding The expectations of casual and avid gamers regarding game genres are comparable. While genres become less accessible to gamers transitioning from competitive to recreational play, relative interests tend to follow a similar pattern. Games in the puzzle, action, and adventure genres are the most popular. Gender and age differences exist in genre selections and preferences. The majority of Indian gamers play their games on low-cost, bargain smartphones. This is due to the cost-effective advantages of such gadgets as well as how simple and comfortable it is to use mobile phones anywhere.

1.3 Gaming Devices

- **Gaming Computer:** Performance is the main consideration for gaming PCs. Dedicated RAM, GPUs, and cooling systems are features of gaming PCs that enable them to run games smoothly. These expensive gadgets can run visual games. One of the top producers of gaming PCs in India is Lenovo.
- **Smartphones:** Mobile phones are the most prevalent gadget among online gamers because of the adaptability they give in terms of possible „anytime, anywhere' use. Modern smartphones come equipped with powerful internal processors that can run almost any game. Additionally, an increasing number of businesses are developing cellphones specifically designed for gaming. The finest examples of these are the smartphones from OnePlus and the ASUS ROG series.
- **Consoles:** They represent the original iteration of digital gaming. Originally, just basic joysticks for running games like Pong, consoles today provide state-of-the-art gaming experiences thanks to microchips that process the games as smoothly and effectively as possible. The top three game console manufacturers in the world are Nintendo, Sony PlayStation, and Xbox.
- **Cloud Gaming:** This is the newest gadget to hit the gaming scene. This eliminates the requirement for a disc and the loading period, enabling the user to explore and play a variety of video games right away. A great illustration of a cloud-based gaming platform is Google Stadia.

1.4 Government Regulations on Gaming

In India, there is no specific legislation or act that governs gaming. The Indian Constitution approaches gaming and gambling in an identical manner. It gives each state the authority to enact its own laws pertaining to the same. Certain states, including Tamil Nadu, Telangana, and Andhra Pradesh, have outlawed fantasy team activities where money is wagered. The Indian Supreme Court has ruled that games in which skill outweighs

luck are permissible and games in which luck is subordinated are prohibited. But because describing a game is subjective, this is a highly contentious issue. For many years, gaming in India has not been seen with dignity. India is significantly behind other nations in terms of the development of gaming as a viable profession. However, new rules from the government provide Indian players more options. The government is beginning to view gaming as a potential job due to improved technical possibilities, youthful professionals, reasonably priced gadgets, and the "Make in India" initiative. The Ministry of Information and Broadcasting has offered gaming courses in partnership with IIT Bombay. Concurrently, the Union Education Ministry declared a nationwide "hackathon" aimed at generating employment opportunities for high school students in the gaming industry. Furthermore, e-sports are now recognized by the government as a significant independent business. These are only a few of the several laws that the Indian government has approved; it appears that gaming will continue to flourish in India in the future.

1.5 Indian Gaming Companies

The shift in the responsibilities of local enterprises is from being service providers to being end-to-end game creators due to the increase in local skills and investment. It is anticipated that companies will keep producing improved content that is suited to regional markets in the future. It is anticipated that in the near future, these games with regional themes and languages would positively impact consumption patterns. Among the several domestic game firms are Juego Studio, PlaySimple, Hammerplay Studios, Nazara Technologies Ltd., and Mobi2fun Mobile Entertainment. We will now talk about Nazara Technologies Ltd., the first gaming business in India to go public.

Nazara Technologies Limited

Nazara Technologies Limited is a multi-platform gaming and sports media company that was founded in December 1999 and operates in both developed and emerging regions, including North America and Africa. It is one of the top suppliers of on-demand and live eSports media content in India. There are eSports games like Nodwin and Sportskeeda, gamified early learning with Kiddopia, mobile games like CarromClash and World Cricket Championships, and eSports games like Halaplay and Qunami. The company has sections for eSports, gamified early learning, real money gaming, freemium businesses, and subscription-based businesses. With 71.0 percent of sales in H1 FY21 coming from subscription fees collected from clients under the gamified early learning and eSports market segments, these revenue streams are the most profitable for the company. Nazara's telecom subscription packages presently provide 1,021 Android games. They mostly target first-time mobile gamers who are mass mobile internet users in emerging economies with this category. In compliance with their agreements with telecom operators, subscribers pay for their telco subscriptions on a daily, weekly, or monthly basis through provider billing

1.6 Product Portfolio

Nazara Technologies Ltd. boasts a diverse product portfolio spanning gaming, esports, and educational apps, catering to various demographics.

Firstly, Kiddopia, a subscription-based app, targets children aged two to six, offering COPPA-certified interactive learning experiences across multiple subjects. Utilizing gamification, Kiddopia provides a self-directed learning environment, aligning with modern educational methodologies.

Secondly, Sportskeeda, acquired by Nazara, stands as a prominent sports and esports news website since its establishment in 2009. With Nazara's \$10 million investment, Sportskeeda further solidified its position as the leading esports news platform in India, providing comprehensive coverage and analysis of sports and esports events.

Thirdly, Nodwin Gaming collaborates with international publishers and companies, including ESL, Valve, Krafton, Tencent, Riot, and Blizzard, to develop content and organize esports competitions. Nodwin Gaming plays a pivotal role in shaping the esports landscape in India, fostering growth and engagement within the gaming community.

Nazara's freemium mobile gaming services offer a plethora of free-to-play sports simulation games and kid-friendly titles, featuring popular themes such as cricket, carrom, table tennis, and bowling. Notable among these is the World Cricket Championship series, including the highly acclaimed WCC 3 released in 2020. Additionally,

Nazara licenses Chhota Bheem games, offering well-known titles like ChhotaBheem Speed Racing and ChhotaBheem Jungle Run. Nazara Technologies Ltd.'s journey into the public domain saw significant fluctuations in its stock prices. Initially debuting at Rs.475.80, Nazara's shares experienced volatility, reaching an all-time low upon going public in March 2021. However, the company rebounded strongly, with shares peaking at Rs.2026.90 and closing at 1576.80 post-listing. The average number of shares traded amounted to Rs.582.91 Crores, reflecting investor interest in Nazara's prospects within the gaming industry. Analysing public perception towards gaming reveals a historical bias towards negativity, primarily among adults who perceive gaming to have more drawbacks than benefits. Traditionally, Indian society has favoured sports and live games over internet-based gaming due to initial scepticism towards gaming's societal impact. However, contemporary perspectives, especially among the younger generation, portray gaming in a more positive light. The emergence of sports has transformed gaming into a viable career path, contributing to a shift in societal attitudes towards gaming.

2. Analysis and Findings

2.1 Gaming Industry of India Vs the World

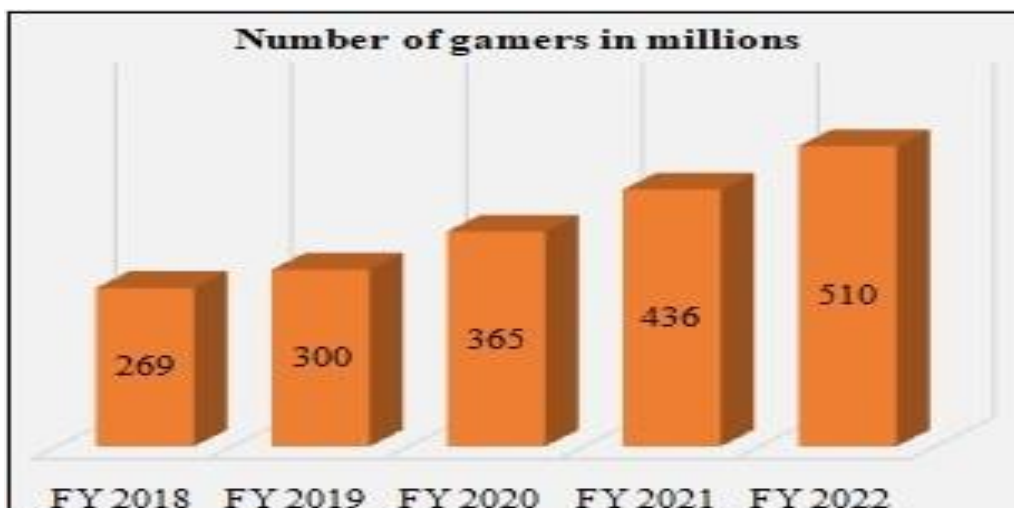
The gaming industry is a global phenomenon, with significant contributions from key players such as the United States, the United Kingdom, China, and Japan. These nations boast high internet penetration rates, with a substantial portion of their populations engaging in gaming activities across various platforms. In China, for instance, a remarkable 71% of internet users play games, making it the largest gaming market globally. Despite this, only 36% of gamers in China pay for online games, indicating a lower spending propensity compared to other mature gaming economies.

In the United States, 61% of internet users partake in gaming, with a noteworthy 60% of gamers allocating their spending towards online games. Similarly, Japan, with 59% of internet users gaming, sees 61% of users purchasing virtual games, indicating a strong consumer base for gaming-related expenditure. The United Kingdom, while slightly lower in terms of internet users engaging in gaming activities (52%), still witnesses a significant portion (59%) of gamers making payments for online gaming.

In contrast, India's gaming industry is relatively nascent but promising. With over 60% of its population under the age of 35, India presents a vast potential market for online gaming. Despite challenges related to development and rural digitalization, India's internet gaming sector is projected to experience explosive growth. As the average revenue per user (ARPU) levels in gaming and entertainment increase, along with a rising propensity to pay, India stands poised to emerge as a key player in the global gaming landscape.

Overall, the global gaming industry reflects diverse trends and consumer behaviours across different regions, with varying levels of market maturity and spending patterns. Despite differences, the common thread binding these nations is the immense potential of gaming as a cultural phenomenon and economic driver, shaping entertainment landscapes worldwide.

2.2 Global Gaming Market Size and Future Trends



The global gaming industry, valued at \$178 billion in 2021, is projected to exceed \$200 billion by 2023, growing at a compound annual rate of 9%. With over 3 billion gamers worldwide, predominantly aged 18-34 and evenly split between genders, gaming is a pervasive form of entertainment. Mobile gaming leads with over 50% of revenue, followed by console and PC gaming. Asia-Pacific, particularly China, Japan, and South Korea, dominates the market, followed by North America and Europe. Popular titles like "Fortnite" and "League of Legends" drive massive followings, while esports, valued at over \$1 billion, draws millions of viewers. Gaming supports millions of jobs globally and generates revenue from game sales, in-game purchases, advertising, and merchandise. Future trends include cloud gaming, VR/AR integration, and cross-platform play, reflecting the industry's dynamic evolution and significant cultural and economic impact.

2.3 Impact of COVID-19



The COVID-19 epidemic had a significant influence on the Indian gaming business, presenting both obstacles and possibilities. With lockdowns and social distancing measures in place, there was an increase in demand for digital entertainment, particularly gaming, as individuals looked for methods to occupy themselves at home. This resulted in a large rise in the number of active gamers and time spent gaming, as people resorted to gaming for escape and social connection. Mobile gaming, in particular, saw an increase in popularity since it provided accessible and convenient entertainment alternatives. However, the pandemic also affected the gaming environment, resulting in game development delays, hardware supply chain interruptions, and logistical issues for esports competitions. Despite these challenges, the Indian gaming sector has shown endurance and adaptation, with businesses using digital platforms and online events to engage fans. Furthermore, the pandemic has accelerated trends like the rise of esports, the use of cloud gaming, and the expansion of the gaming market to encompass larger demographic, signaling exciting prospects for future growth and innovation in the post-pandemic environment.

VI. CONCLUSION

There is very little doubt that the gaming industry in India will continue to grow over the next few years. As evidenced by the projected figures for the industry, this sector, going forward will constitute a major chunk of the entertainment industry in general, something which has not been seen in the past. Increased attraction towards gaming companies by investors and consumers alike, which has led to heightened M&A activity and PE & VC investments, as well as a successful IPO by Nazara Technologies are a further testament in this regard. The growth of the industry is expected to be much higher than the world average. As already discussed, a large percentage of the population in the age range of 12-30, increasing reach of smartphones as well as greater adoption of Internet are the major factors which have given a boost to the industry. Also, the impact of Covid-19, which resulted in a spurt in the sector cannot be forgotten. Trapped in their homes due to restrictions by governments worldwide in order to deal with the virus, people across all age groups took to online gaming. This has also resulted in companies launching games focused not just at children but working professionals and

homemakers. Lastly, the companies must deal with the shortcomings that the industry suffers from in the form of addictive games, increased government regulations towards games involving money as well as apprehensions about high exposures to phone, computer screens.

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