

# Developing Sports: A Need for Public Private Partnership

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## INTRODUCTION

Sports and games have historically played a significant role in development of qualities like discipline, tolerance and leadership amongst the youth. With adequate support, planning and focus, the potential of the Indian youth can be gainfully channelized through sporting activities. The realization of their true potential will not only build future character, but also has the potential to act as a conduit of supremacy in sports at the international level and national integration. This will also help in channelization of their energy and in developing into healthy citizens.

The equality and inclusiveness brought about by sports surpasses other nation building activities by a long distance. However, though India has abundant natural talent, we have not been able to capitalize on the same. Recent performances of the Indian contingent in the Guangzhou Asian Games and the New Delhi Commonwealth Games have shown that Indian prowess in sports is not merely limited to a few disciplines. More importantly, our top sportsmen come from diverse parts of the country, some with little sports infrastructure, thus hinting at a huge unexplored potential. Considering that 50% of our population is below 25, there is a strong prospect of developing India as a sports superpower.

However, the push needs to come from both policy and infrastructure side. Policy-wise, sports activities and their management, which includes infrastructural development, are still under the amusement and entertainment category and the utilization of these facilities is also quite skewed. We need a serious re-look at these in order to categorize this industry- plagued by the lack of infrastructure to enable better maintenance and focused, high quality construction that most sporting facilities demand. It is the viability of infrastructure and facilitation of coaching and training programmes that will, to a large extent, bring in meaningful private participation.

### Move towards a PPP framework

While the recent sports achievements and events have shown a crying need for governance and transparency in how the sector is managed, there is an immediate need for us as a nation to capitalize on the assets: our champions and the infrastructure. The main obstacles in the way are lack of funds/ liquidity with the public sector to maintain and operate assets, and lack of technical skill and management proficiency. Currently, there is too much expectation from the government (SA I, PYKKA and other state government schemes). Public Private Partnership is a viable option at this juncture, which could provide the necessary support and capital outlay required to meet the state welfare responsibilities, and budgeting for them. An effective policy can also successfully wean away the current focus of the private sector on a few major sports and provide an initiative for them to broad-base the investment.

Our constitutional framework makes Sports a state subject, especially with the draft National Sports Policy 2007 leaving the responsibility of broad-basing sports primarily with the states, and the Government of India's (GoI) role has been rendered supplementary. Unfortunately, the holistic approach for a system that is geared to promote sports in a comprehensive manner is missing in our entire initiative. On a positive note the very fact that over the last decade or so the Government of India has brought PPPs into the discussion when discussing the promotion and development of sports and sports infrastructure in India, over the short and long term, implies that this is a viable proposition and imperative to the progress of sport in India.

### Increased Investment

The Seventh Five Year Plan focused on the creation of sports infrastructure, and the Ninth Five Year Plan emphasized the need for modern sports infrastructure, in turn, the Tenth Five Year Plan sought to promote both the broad-basing of sports and the promotion of excellence in sports. However, none of these ambitious objectives could be realized, largely because of policy lacunae and also due to the inadequate budgetary support to sports from the GoI and state governments ("States"). The investment made by most States in sports has been negligible, and while a few States have accorded a higher priority to sports, for the most part India has not succeeded in providing universal and barrier-free access to sports, or in creating a national sports culture. This indicates a need for investment by the private sector.

India should follow the example of the organization of Formula One racing project conducted independently by the J P Group, which is being praised globally.

### **Multifarious benefits of sports**

The draft Comprehensive National Sports Policy 2007 aims at adopting a holistic approach to sports development, taking into account the health, recreation, educational, social and economic benefits, as well as the national pride that it offers. This would require a realignment of responsibilities between the Govt and States, the Sports Authority of India, the National Sports governing bodies and their affiliated units at the state and district levels, and corporate bodies. The "Sports for All" motto needs a greater all-round participation at the decision-making level. Focused programs for development of National Sports Infrastructure will extend opportunities to people from all parts of the country. Simultaneously, it will provide the private sector with a great opportunity to invest in the holistic development of sports and games in the country, and play a responsible role in the development of the nation.

### **PPP Helping Sports Globally**

A successful example of what PPP can achieve can be perceived through the recently concluded FIFA World Cup 2010. South Africa's failure to win the bid to host the FIFA World Cup in 2006 was blamed on the inadequacy of the country's infrastructure. Therefore it launched numerous PPP initiatives to help enable a successful bid for the FIFA World Cup 2010, investing close to USD 78 billion, and the launch of the Gautrain PPP rail project. Approximately 150,000 new jobs will be created by this PPP project. In India too, similar projects can be undertaken by PPP in the sports arena, as is already coming up strongly in other fields like education, entertainment and mass media.

### **Renovate, Modernize and Operate**

In India, the PPP in sports sector can be effectively dealt through the "Renovate, Modernize and Operate" model ("HMO"), which can be applied to existing state-owned infrastructure that is either older than ten years or in a clear state of disrepair, as was done for the Nehru Stadium during the recent Commonwealth Games. This model, if applied with a long term lease that hands over control and responsibility to the private player, could result in compliance with minimum quality parameters, leading to efficiency and quality enhancement.

When the private player has a literal or figurative stake in any construction, maintenance or operation related activities; it is somewhat intuitive that accountability and a direct correlation with viability and profitability result. RMO models entail up gradation and enhancement of state owned properties. Professionalism, technical expertise, and profit-making ventures are not mutually exclusive from socially beneficial purposes, and in fact enhance them. This model could avail synergies by rotating the use of the facility, making each facility an autonomous and self-sustaining entity.

### **Inclusive Growth**

The socio-cultural objectives that the sporting spirit inculcates through promoting solidarity across various 'divides', viz. economic, socio-cultural, gender, etc., cannot be achieved without a three-way collaboration between the society, the public and the private sectors. While the private sector can look towards financial viabilities, the onus is upon the public sector to ensure that equal participation across all communities is ensured.

PPPs in this domain will help leverage the bounty and opportunities, from a domestic as well as international perspective, resulting from events, academies, charity matches, concerts, professional sports leagues, amateur sports leagues, national tournaments, national coaching camps, etc. Profitability, viability, and scalable and viable growth projections can be reconciled along with a parallel improvement in qualitative and quantifiable human capital development parameters.

### **The Financial Perspective**

The financial viability and returns of projects undertaken cannot be overlooked by the private sector. Banks are in a unique position in this aspect, while through direct funding, they harness the business opportunity in the sector, on the other hand, liaising with the government balances the 'profit motive' with the 'greater common good', at the same time highlighting the institutions involved in the eyes of the masses they are catering to thereby taking care of Corporate Social Responsibility (CSR) to an extent.

Globally, Sports is a unique industry where passion, pride, profitability and privilege harmoniously coexist in an atmosphere conducive to efficiency, optimization, returns to scale and investment, and, above all, enjoyment and entertainment. For a financial institution, these proposals not only become investment worthy but also projects for inclusive banking. Taking a step forward from traditional PPP, sports projects can be community owned. The model will not only pave the way for more social involvement in sports, which is actually needed, but also give a socio-cultural dimension to performance. Performance based allocation of grants for future maintenance could be an option, as the scenario matures towards "Inclusive Sports".



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