



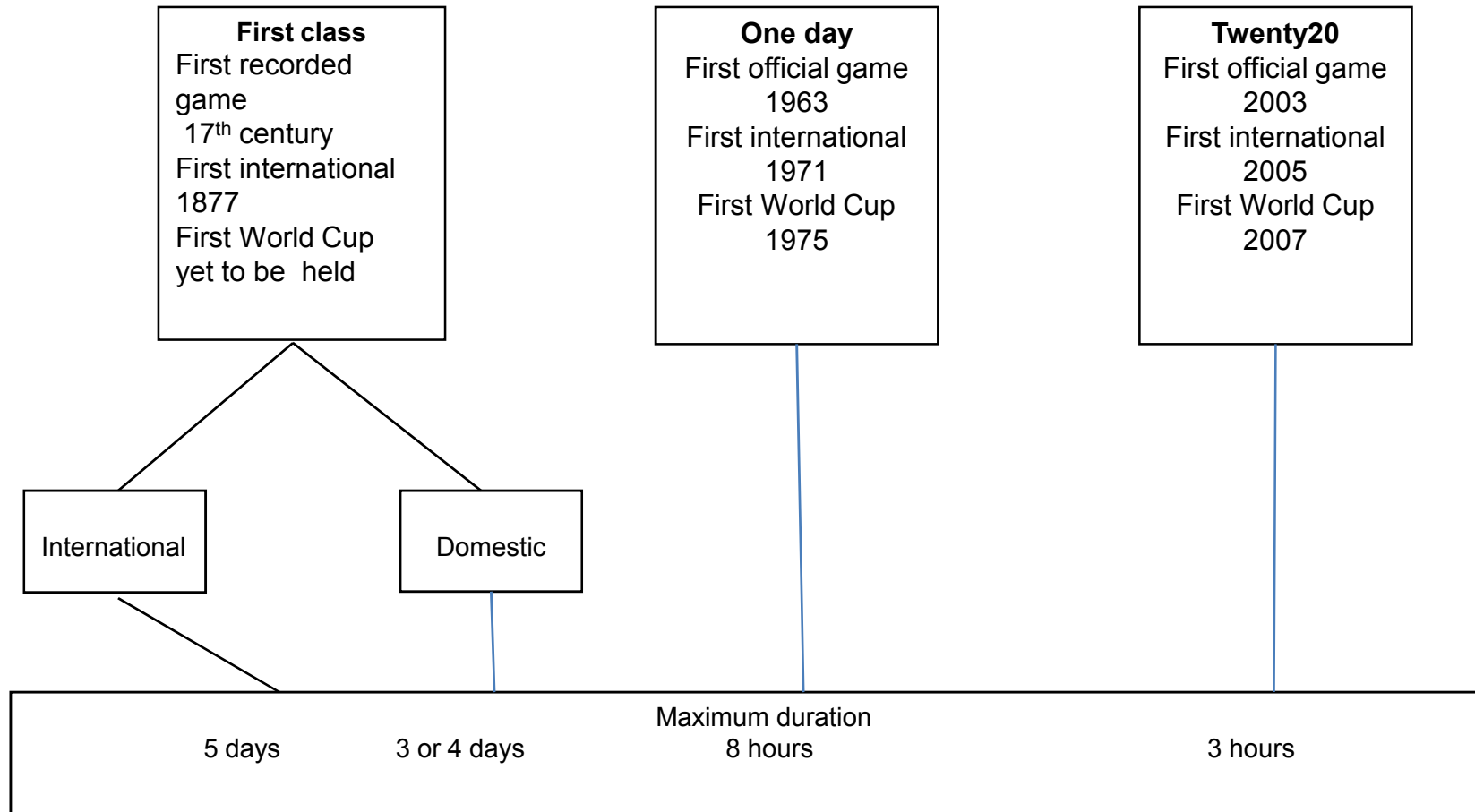
# The IPL- The balance of power shifts to Asia

The Indian Premier league (IPL) played for the first time in 2008 probably represents the first time in professional team sport an Asian league has become stronger than a European competitor.

What does it have in common with North American and European leagues in its mode of operation? Is a new model starting to emerge?

Key authors: Cain & Haddock, Fort & Quick, Noll, Pomfret ,  
Szymanski & Zimbalist, Willoughby & Mancini

# Main variants of cricket



Source: Compiled from Wisden (2009)

## The IPL

- BCCI launched the IPL at the end of 2007 eight franchises (no expansion in the first three years )
- BCCI obtained
  - \$723 million for the sale of 10 year franchises,
  - \$1.03 billion from Sony Entertainment TV and World Sport Group for 10 year TV rights
  - Nearly \$1 billion from ESPN for the rights to the aborted 15 game Champions League
- The franchises get 80% of this income for the first two years. Percentage is reduced over the term of the contract. They also receive 60% of central sponsorship for the first ten years and 50% thereafter
- The initial competition involving 59 games played over six weeks from April - June 2008. The league attracted high viewing figures estimated at 200 million in India and 20 million overseas
- The second season was moved to South Africa because of the Indian elections

Team name	Owner	Price paid USD (\$ millions)
Chennai Super Kings	India Cements	91
Delhi Daredevils	GMR (Construction Conglomerate)	84
Hyderabad Deccan Chargers	Deccan Chronicle (newspapers)	107
Kings XI Punjab	Business and showbiz consortium	76
Kolkata Knight Riders	Red Chillies Entertainment (films)	75
Mumbai Indians	Reliance India (telecoms)	112
Rajasthan Royals	Emerging Media (UK)	67
Royal Challengers Bangalore	UB (Brewing)	112



## Key elements of professional sports leagues

	<b>European model</b>	<b>North American model</b>
Aims	Utility maximisation	Profit maximisation
Structure	Open with P/R	Closed no P/R
Number of teams	Large number	Restricted number
Geographical patterns	Competition within areas no exclusive territories	Exclusive with franchise movement allowed
International competition	Important	Very limited
Player draft	None	Extensive
Sale of players	Common	Restricted
Roster limits	None	Extensive
Salary caps	Limited	Extensive

**Source: Adapted from Sloane (2006)**

## A comparison of the three leagues

	<b>MLB</b>	<b>EFL</b>	<b>IPL</b>
<b>Aims</b>	Evidence of profit motive and capital gains	Utility max evidence of capital gains in EPL	Evidence of profit motive
<b>Structure</b>			
Participants	Cartel	Open entry	Cartel
P/R	No	Yes	No
Championship determination	Round- robin / unbalanced + elimination	Round- robin / balanced	Round- robin / balanced + elimination
<b>Geographical patterns</b>			
Local monopolies	Yes	No	Yes
League monopoly	Yes	Yes	No, ICL rival
Size (original size)	30 (8)	92 (12)	8
<b>Competitions in the sport</b>			
Between countries	Limited	Yes	Yes in 3 formats
Between teams in different countries	Limited	Yes and lucrative	Proposed
Other domestic competitions	No	Yes	Of little importance
<b>Competitive measures</b>			
Salary caps	Yes	No	Yes through an auction system
Player draft	Yes	No	
Sale of players	Limited	Yes	Not yet
Roster	40	No	Some limits

## The differences

	<b>MLB</b>	<b>EFL</b>	<b>IPL</b>
<b>Mobility</b>			
Season length (months)	7	10	2
Ground owners	Yes	Usually	No
Player exclusivity	Yes	Yes	No
Re-location of teams	Yes	Very difficult	Yet to happen
Gate money as % of income. League average (team range)	37 (16-65)	35 (22-45) Top 7 only	19 (14-22)



Developments in leagues

