
Review on the online gaming industry in India

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Abstract

The objective of this research is to determine the status of the Indian Gaming industry in India, the platform on which it prevails the most, and the factors that affect the growth of this Industry. To get answers to my objective, I carried out a sample survey with a sample size of 40. The data was collected unbiasedly from individuals of different age groups, however, on average the majority of the Indian gaming population, comprised of youth with ages between 21 to 23 years. The study also shows that the availability of smartphones at affordable price margins as well as the uproar of a massive internet consumer base, by the availability of free internet by the use of “Jio” sim, introduced people to this new genre of entertainment and made online gaming industry a major hit.

Keywords

Micro-transactions, Freemium, Scalpers/Hoarders, E-sports, AAA title game, Hikikomori.

Introduction

The dawn, of the Indian gaming industry, began from the year 2005, with the Philippines-based gaming company “Level Up Inc.” which was the first company to introduce a multiplayer online game - “Ragnarok Online” followed by other companies like “Sify” with the game A3. These game companies kick-started this industry such that - The net market value of the Indian gaming industry was around 62 billion Indian rupees in 2019 and is expected to go beyond 250 billion rupees by 2024. This upsurge in numbers in recent times has also created a boost in a career opportunity in this sector. It is also expected that by 2022, the estimated number of employees within the market would be over 40 thousand.

India, being the country with the largest youth population based on the current census, is embracing the new generation’s interest in digital sports and entertainment. Based on some statistics, “52 percent of the casual player base and 66 percent of the heavy gamer is said to be below 30 years old in 2016”.

Of these, the heavy gamer simply preferred to use their mobile phones as gaming devices instead of the traditional desktops or even laptops. Apart from this, there is also a massive audience for “E-sports” events and those who simply enjoy streams of their favorite gaming content creator. This makes this sector all the way more lucrative.

Online Gaming Industry In India

When we talk about the online gaming industry, in India. The first thing that crosses our mind is “*What makes this industry more successful compared to the offline gaming industry?*” So here are some factors that favors this section of this industry to flourish more-

1. Freemium Nature of games:

The word “Freemium” is coined by the game developers, which means that the game is free to play, but you can pay for added in-game advantages against other players, which includes more experience from in-game activities, also the cosmetics which gives you your distinct appearance to boast about. This idea attracted many player bases from India, which varied from those who simply wanted to try this game to those who were interested enough to invest their time and money in it. This is the reason why the games like “*Clash of Clans*”, which has a mobile gaming market share of 26.5 percent was among the most downloaded apps in the app stores since 2016 till its recent downfall, due to another Freemium game - “PUBG”. The level design in a Freemium game plays a crucial role such that the player should not feel that the level is either too tough to proceed with or too easy to no longer fuel their interest. The majority of the revenue generated by these games comes from in-app purchases which account for about 70 to 80 percent of the total revenue of the industry. “Micro-transaction” is another important model, which gives access to its player the basic version of the game at no cost, but the player had to pay for the complete game or the advanced in-game items, etc.

2. Affordability of a certain platform:

When one considers his/her options to play games, there are three dominant platforms- PCs, consoles, and mobile/tab. However these days there is a massive upsurge in the consumer numbers for each of these platforms, the reality remains that not everyone can afford to set up his/her gaming PC or consoles. Thus smartphones at affordable price margin become the Medina for all those gamers who crave a AAA standard game, that also offers a sense of competitiveness. Post the release of PUBG, mobile on all official app-stores many smartphones companies Like- “OPPO”, “VIVO” and few others in the list, which were known for their superior camera quality at affordable price margins, are now also launching smartphones keeping performance as the priority and endorsing their product with the assurance of running heavy ram and good processor oriented games like “*PUBG Mobile*”. Thus, factors like ease to carry anywhere, comparatively cheaper than the other platforms, makes smartphones not only more portable but is also more accessible to the masses of India. Therefore we see many hardcore PC and console gamers shifting to mobile gaming, simply because there is a large audience who love playing such games without money being a factor and thus supporting their content irrespective of the medium (“*YouTube*”, “*Twitch*”, and a few more).

The question before us is - “Why are PCs/laptop in general or their individual set up, so expensive in India?”

There are several reasons behind this, some of which are mentioned concisely:

1. No Local manufacture Of PC components:

The fact that there is no local manufacturing unit of PC components in India validates our question and thus we are obliged to import components like- motherboard, processor, and even the “body case” of any PC. Hopefully in the future, if a unit is formed, promoting the made in India tag, then we might get relatively cheaper components.

2. Customs Duty on imported goods:

Let us understand this with the help of an example, say the “CIF”(“Cost + Insurance + Freight”) of a manufactured PC from a certain industry to when it lands in India is :

CIF Cost : Rs 20,000

Now, after CIF it is imposed with Assessment Value Surcharge, which is 1% of CIF Value

(a) Asses-sable value = (CIF +1% of CIF) = Rs 20100

(b) Next comes the Basic Customs Duty on individual components

(c) Integrated Goods and Services Tax(IGST) which is 18 % of each component in it, I.e, for a and b be any two components IGST will be

$$(a+b)*18\% = \text{Rs } 1818$$

(d) CESS (c *CESS Rate): these are taxes and surcharges, that will probably go up to 10%

(e) Social Welfare Surcharges (a+b+c+d) *10% : Rs 1,191

After adding all that, the 10K motherboard becomes approximately 23K and all this is just the cost to the importer. After which there will be further transportation charges being added up to this

3. Margins and Business in General :

Now the importer who has ordered this component set him back Rs 23K. The importer will sell this Rs 23K component forward to a stockist/distributor, who then will sell this forward to a Retailer for

10-20 %profit margin. The retailer will sell it forward to a customer for 5-20 % profit, also most often it is the retailer who stocks on “Amazon”. Amazon sells it for a margin as well

Percentage tax	Net Price
Distributor(10%-20%)	Rs 24,000 - 25,000
Retailer (5% - 20%)	Rs 25,000 - 28732
Amazon (10% - 20%)	Rs 26,526 - 32478

4. Scalpers/Hoarders:

They take the goods/ components that are high in demand, example - “ NOCTUA NHD - 15 (CPU cooler) or LIAN Li PC O11 Dynamic (Case for CPU), the stock which is very limited in India, they take it and keep it for themselves and sell it a forceful margin. The part which is supposed to cost RS 20-23 K, eventually it becomes Rs 32,000 - 33,000. They create a “monopoly” and then decide the price to alleviate their profit margins.

Thus all these factors explain the reason why everyone cannot build up the gaming PC of their dreams, and hence smartphones become the Medina for all fellow gamers.

3. Availability of cheap Internet data plan:

There was a time when people would manage the data plan of 1Gb for almost an entire week, but now even 2GB (Gigabyte) of data a day, seems not enough. The Launch of the JIO sim, which offered 4GB of data daily at that time, made people data addicts to a certain degree and made the internet a basic necessity. “RELIANCE TELECOM.”, was the first company to provide 4G internet at no cost initially, then continued this service with a ridiculously cheap price margin. This attracted the youth to online gaming like moths are attracted to light. Now that low internet data was, not a problem, there was observed a massive growth of the audience for the gaming content, who not only enjoyed, playing online games and used it as a platform for interaction with friends and also for competitive gameplay, but also loved to watch other pro players play games in E-sports, or in general.

4. Online Social Interaction

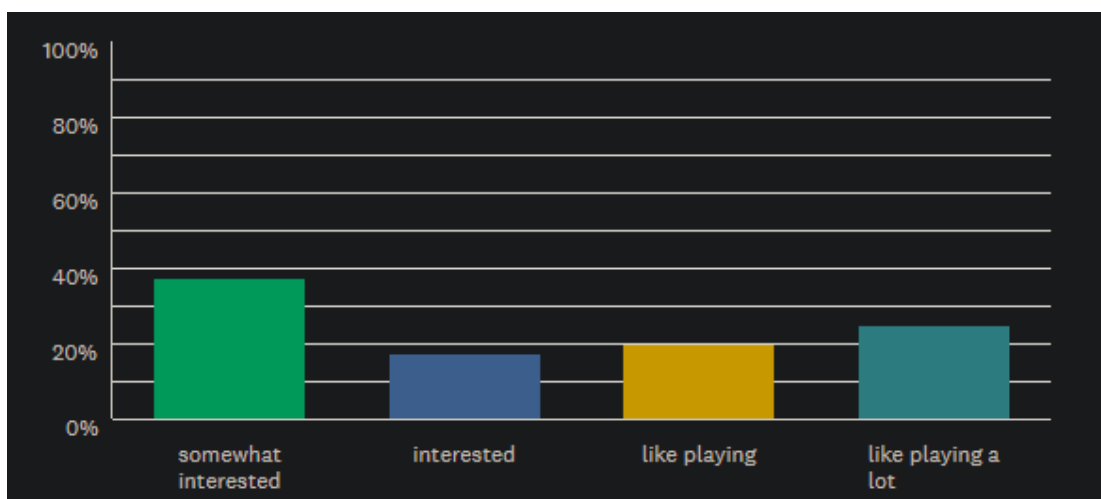
There is no denying the fact that depression, affects around 10% of the world population- it's been referred to as a mental condition , where an individual is in melancholic mood and has a pessimistic attitude towards life. This type of mood disorder may render a feeling of loss, emptiness and low self esteem, thus interfering with the individual's everyday life by making him less productive. The degree of depression may vary from mild to extreme and our mental health is an integral part of perceiving things around us. Experts suggest that this condition might not be completely cured, however it is something that can be managed in most cases. One of the worst parts of suffering from depression is that the people around you who aren't suffering in the way that you are, just don't see it as a mental illness. Most often you will be receiving remarks like -"snap out of it", "get over it", "be a man", and so on are just not helpful. This results in the person in question afflicted for not being able to convey or explain their feeling. The effects of depression have a huge range which can even lead to long spouts of self-isolation. Many people suffering from such problems are what the Japanese would call "Hikikomori" They are shut-ins.

Online games offer themselves as a window to escape reality, to provide immersion in a completely different environment that offers fresh experience, like jumping off of the building, experiencing deep-sea diving, or simply riding on a horse during the days of the Wild West, as humanely would never be possible to do. Playing games with friends is one of the simplest and easiest ways of dealing with depression. Online games offer you the opportunity to connect with friends and also find new people from different ethnicity to find similar Lingua-Franca in this game that you all enjoy. Aimlessly driving around the vast open-world simulation, talking about life and its hardships with a friend who understands snaps you out of the melancholic mood. Having someone by your side when you are feeling low/depressed, may not solve your problem but can certainly ease the burden of emptiness, that you been carrying . In recent times specially when the epidemic is at its prime escaping from reality for once with a friend who shares the same interest like you can be cathartic. However, games aren't meant to be the end of all our problems in life, it takes time, patience, awareness, and a will to learn and accept the reality. But to quote the internet: " One thing in Life you can learn from video games, if there is an obstacle in front of you, you're going in the right direction".

My Report on gaming habits of an Indian Gamer

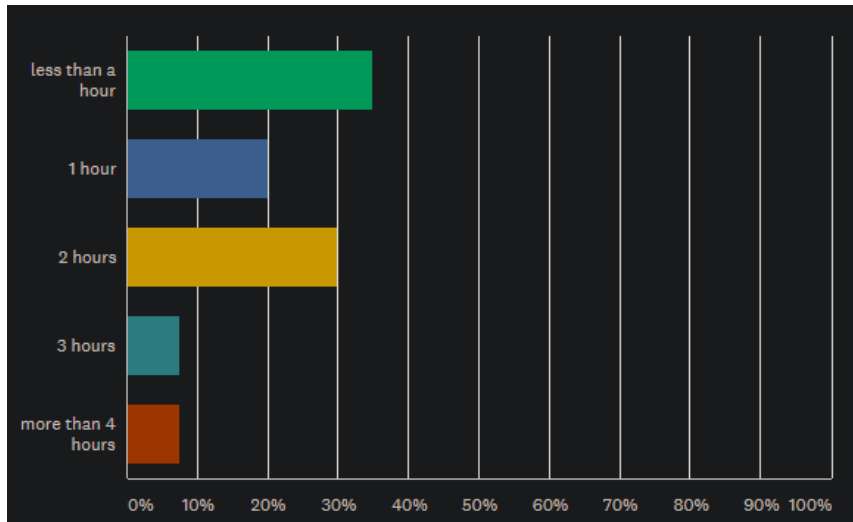
Based on my survey, an average Indian gamer is below the age group of 23 years of age and the gender distribution is skewed with 85 percent of the gamer(s) being male and since internet access has become a lot cheaper these days so it is of no surprise that many casual gamers have “tried their metal” with E-sports, and have transformed their habits into a profession and are streaming.

1. When asked the question how much were they interested in playing games,

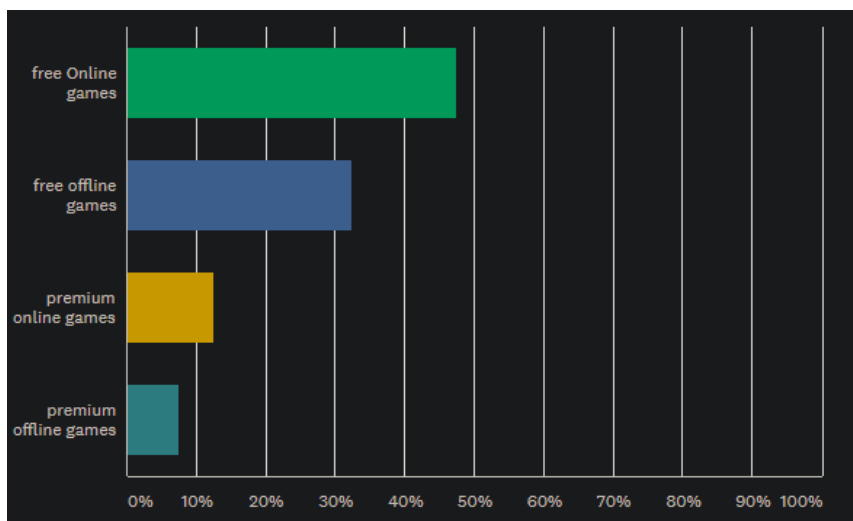


37.5% of the individuals said they were just casual gamer(s), that is they use games as a sense of escapism from reality, still, there were 25% of the individual who is hardcore gamer, who consider games not just as a source of entertainment but also take it seriously.

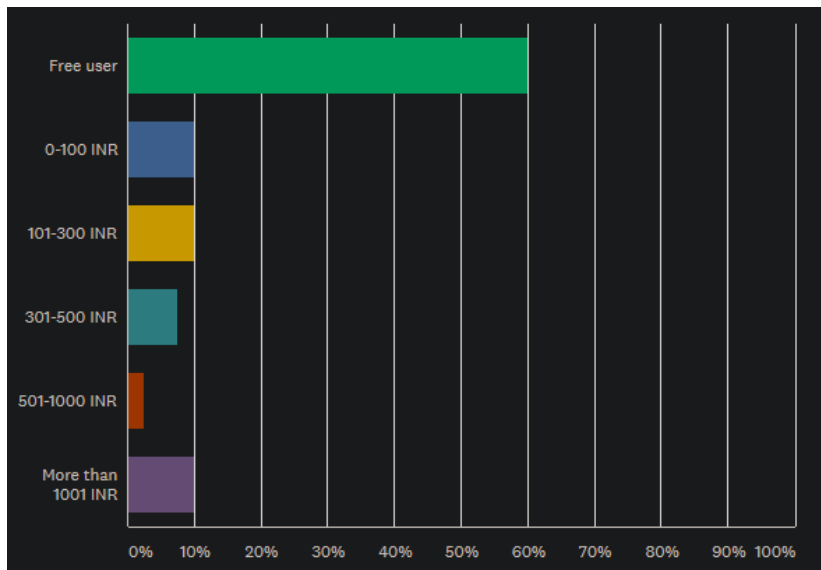
2. On average Indian gamers played around 2 hours a day regularly, and 7.5 % of the individual played more than four hours a day.



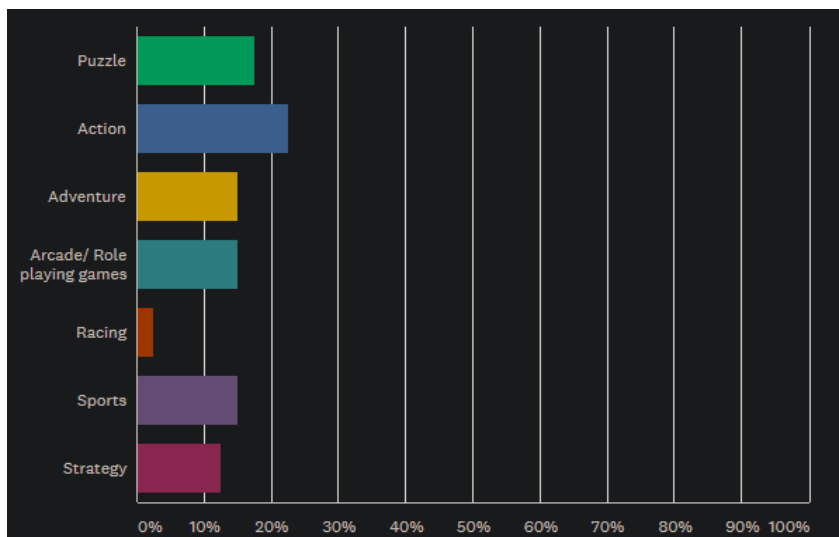
3. About 47.5% of the individuals played free to play online games and were OK with the add popup until it did not interfere with their immersion a lot about 32% simply played offline free to play games as a pass time while 12.50 percent were those who were comfortable with premium games as long as the quality of it justified its cost.



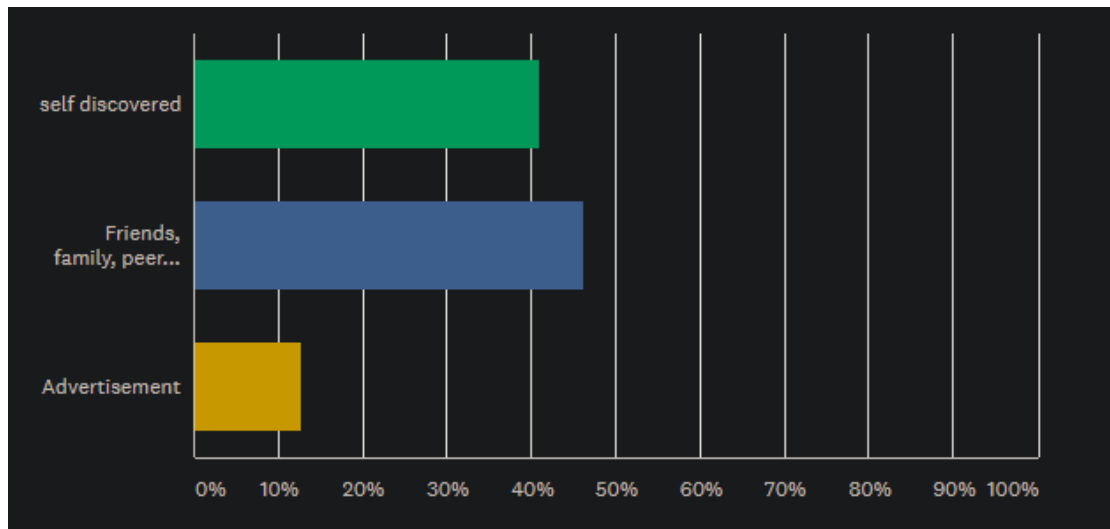
4. When asked, how much were they willing to spend on micro-transactions(in-app purchases), about 60% did not want to spend money and were OK with the basic version of any particular game, about 10 percent were willing to invest more than 1000 rupees in in-app purchases, and the following chart speaks for the rest



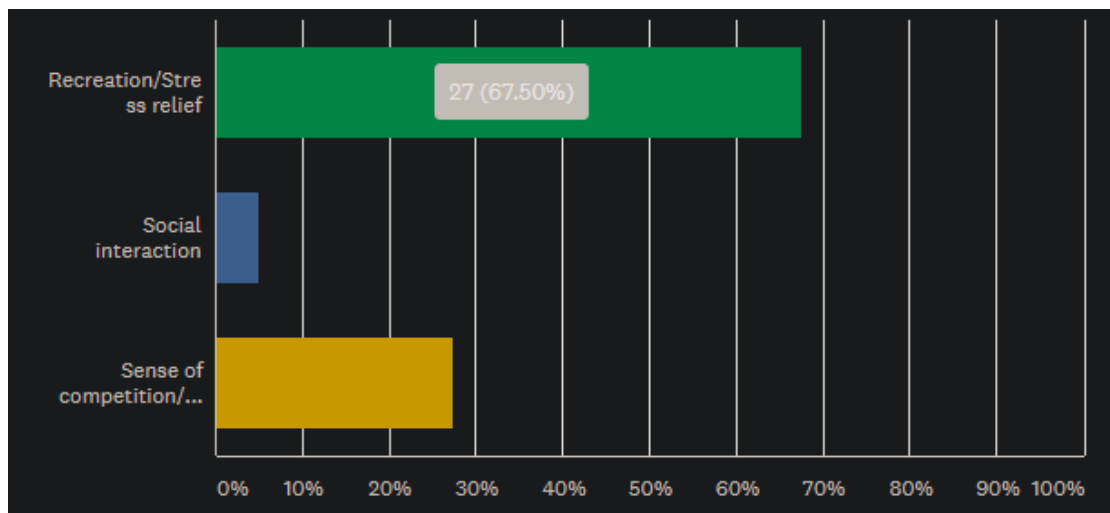
5. Also based on my statistics,22.50% of an average Indian gamer loved to play action, games, about 17 percent played a puzzle-type game and others played other genres with close to even distribution throughout. This shows how diverse our player base is who is ready to embrace all genres.



6. About 46.5% of the Indian gamer get introduced to new games(online/offline), through their family, friends/ peer groups. Also, we are at a time where the internet is accessible to a majority of the Indian population so, it's of no surprise that, many do discover a new genre, out of curiosity to find some hidden gems in app stores, so 41% of the individual from my report, self-discovered majority of the games they play.



7. About 67% of the individuals, played games as a valve to assist them with stress relief and about 27% of the player base were hardcore gamer(s) who played online games for competing for the top spot against players all across the globe and also for the feel of accomplishment after winning a match. But there was also about 5% of those who played games to fight loneliness in their lives and get some social interaction, meet new people across the globe.



Future of Online Gaming Industry in India

1. Based on the current skewed distribution of male player base it is tough to picture a female dominant player base, but with the steady growth in the number of a female participant in the gaming sector we can expect more E-sports tournaments in the future where the female would compete for the winners' title
2. The Freemium model of games would benefit more compared to premium games, cause it allows the player to play the game at the first hand and then pay for the other optional contents like cosmetics or experience bonus. However with more and more Indian you tuber with gaming content coming to the big picture, like - Carry Minati, Mortal, and many more are encouraging players to PC/ console platform.
3. With the emergence of new technology, we can expect in future to see augmented reality-based games, with even smartphones launching VR gear supported 4D experience game with better audio features and close to reality level graphics to improve the immersion

4. In the future, we can expect Indian companies to launch AAA-level games (games produced by a mid-size or major publisher), with better graphics, good story, gameplay experience, and a good level design. The foundation of which has already been established with the launch of a successful Indian game title “RAZI” on “Steam” (game store).

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