Risks in sponsorship laid bare in India

National team's previous sponsors, Dream11, have been dropped as a result of India's newly assented gaming bill

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Team India's shirt front, for both men and women, has displayed Dream11 since 2023. This prominent sponsorship has disappeared with immediate effect, starting with the men's Asia Cup, which opened on Sept. 9 in the UAE.

Dream11's disappearance is a casualty of India's newly assented gaming bill, The Promotion and Regulation of Online Gaming Bill, 2025, which prohibits all forms of money-based online gaming and seeks to promote esports and online social games.

New law

The new law was passed by the Indian Parliament on Aug. 21, with an element of surprise and alacrity. It includes provisions to set up an Online Gaming Authority that will oversee the sector and provide policy guidance, along with harsh penalties for non-compliance.

Its impact on Dream11, India's largest fantasy sports platform, is severe, causing it to cease all paid contests and switch to a free-to-play model.

It may be assumed that the company's owners would be upset, since 95 percent of group revenues and profits have been erased overnight. Instead, it has been sanguine, at least publicly, expressing respect for the law.

Harsh Jain, the CEO of Dream Sports, the parent company, has said that jobs are safe and that sufficient reserves are available to allow transition away from the fantasy sports platform, which was valued at $8 billion.

Regulatory costs

Even before the new bill came into force, Dream11 and its competitors had been subject to rising regulatory costs, the government having quadrupled the goods and service tax rate on online games. Profit margins were squeezed and Dream Sports registered losses in its latest financial year, its first in years.

Although Dream11 is upbeat about its capacity to rebuild, the wider gaming industry, valued at $25 million and comprising about 400 companies, faces a shake-out. Its contribution to India's economy, through its spend on advertising and services, will drop sharply.

The implications for the Board of Control for Cricket in India, or BCCI, are less problematic. Its revenues have almost doubled over the past five years, to the point where its cash and bank balance records show about $2.25 billion, with 60 percent generated by the Indian Premier league.

It is by far the richest cricket board in the world, Cricket Australia a distant second with $79 million. Dream11's three-year contract with the BCCI was valued at Rs358-crore (circa $41 million) and was due to run until March 2026.

India's Kuldeep Yadav bowls a delivery during the Asia Cup Cricket match between UAE and India at Dubai International Cricket stadium in Dubai Wednesday. AP

The board has released a tender to invite new sponsors for a tenure of two-and-a-half to three years. A bid submission deadline of Sept. 16 has been set.

Despite each of the BCCI's five previous main team sponsors having problems that led to early contact termination, there is unlikely to be a shortage of interest. The Indian front-of-shirt spot is probably the most visible in world cricket, something which the BCCI clearly believes, because it has increased its base asking price by 10 percent.

It is keenly aware that sponsoring the Indian cricket teams provides brand visibility to upwards of a billion people. It is coincidental that the previous sponsors ran into trouble. Sahara, which sponsored between 2001 and 2012, foundered because of legal issues for its owner.

Anti-trust scrutiny

Star Indian, 2014 to 2017, encountered anti-trust scrutiny and rising costs, while Chinese smart-phone company, Oppo, suffered from poor returns and Indo-Chinese geo-political tensions between 2017 and 2020. Prior to Dream11, edtech company, Byju's, faced severe financial and operational difficulties that ultimately led to insolvency.

Whoever lands the new deal will hope that the so-called curse or "jersey-jinx" of sponsoring India's cricket teams does not strike again. It is a reminder that, even in India's cricket-obsessed society and market, there are latent risks lurking in changes that emerge in regulatory regimes and market dynamics. While the BCCI seems to be immune from risk in its sponsorship strategies, apart from inconvenience caused by a sponsor's early termination, the cessation of Dream11's activities has affected other parts of cricket's ecosystem.

The company had partnerships with the Caribbean Premier League, New Zealand's Super Smash and the Big Bash League in Australia. It had also been the "official fantasy game partner" for all ICC events. Although Dream11 had deals with the Pro Kabaddi League, the Indian Super League and the International Hockey Federation, it is cricket where the main impact has fallen.

Apart from the immediate effect in India, European Cricket, which was backed financially by Dream11, announced a temporary suspension of matches on Aug. 25. This included all games part of the European Cricket Network, or ECN, the European Cricket Series, the European Cricket League, the Women's European Cricket Championship and all international matches involving European countries.

ECN started in July 2019 with a single tournament in Spain, with eight clubs and 16 matches. It had an ambition to kindle the unrealized potential for cricket in Europe. In 2024, it had more than 1,800 televised games in 20 countries, following on from 1,700 matches in 2023, when events were organized on 330 days across 16 countries.