

# Lodha report fallout: What can BCCI do next?

Aditya Shamlal & Amrut Joshi | July 18, 2015

After the Justice Lodha committee report, the Indian cricket board is seemingly caught between a rock and a hard place of its own making. The BCCI and the Indian Premier League face an existential crisis, and there is no one perfect option that can help the board wriggle out of this quagmire. In anticipation of the IPL Governing Council meeting on Sunday (July 19), we have examined some of the options available to the BCCI, and laid out the legal and commercial implications of each.

## Option 1: BCCI run Chennai Super Kings and Rajasthan Royals

We believe this would go against the spirit of the decision of the Supreme Court in [its order of January 22, 2015](#). The Supreme Court has come down heavily against any form of conflict of interest. We believe that this option would reopen the conflict of interest question as BCCI would be required to



Can a new Chennai team be the same as CSK? Will the fans extend their loyalty to the new team? And would it realistically be possible for a new franchisee to build a fan base in such short time? © BCCI

wear two hats – one that requires them to act as a custodian of the IPL overall and another that requires them to act in the best commercial interests of just two franchises within the IPL. The world over and across several sporting leagues, constitutional documents have forbidden a single owner from exercising control or management authority over any other team in the same league.

## Option 2: Terminate the franchise agreements of India Cements and Jaipur IPL and invite fresh bids for Chennai and Jaipur

The franchise rights for India Cements and Jaipur IPL have only been suspended by the Lodha panel and not terminated. As Justice Lodha himself explained, termination is a contractual right that can be exercised by only the contracting parties. Would the BCCI be able to bite the bullet, terminate the franchises of the two offending companies and invite fresh bids for the cities of Chennai and Jaipur?

If exercised, this would send a clear and unequivocal message to all stakeholders involved in the game of cricket, be they sponsors, other franchisees or fans, that this is not the same body that allowed massive impropriety and corruption to take place under its own nose; that the BCCI does respect the country's judiciary, which has already proclaimed that "cricket is greater than individuals"; and that there would be no distinction in how players and franchises are treated when either of them is found guilty of or complicit in corrupt acts that bring the IPL and the game into disrepute.

It would be difficult for the franchisees to challenge such termination, particularly since clause 11.3 of the franchise agreement permits termination if "the Franchise, any Franchise Group Company and/or any owner acts in any way which has a material adverse effect upon the reputation or standing of the League, BCCI-IPL, BCCI, the Franchise, the team (or any other team in the League) and/or the game of cricket".

What of the fans of these two teams? Would it be the same for fans if BCCI were to issue fresh tenders for these two cities? Can a new Chennai team be the same as CSK? Will the fans extend their loyalty to the new team? And would it realistically be possible for a new franchise to build a fan base in such short time? Not to mention the various legal hurdles that could confront BCCI if the two terminated franchises were to haul them to court, seeking relief on the ground that the board have imposed a sanction beyond that prescribed by the Lodha panel. While such an argument may not hold water, even the grant of a temporary injunction from an appropriate court of law restraining BCCI from calling for fresh tenders in the

same cities, could throw a further spanner in the works, as the risk of uncertainty could prevent new bidders from emerging in both these cities.

### **Option 3: Invite bids for new cities**

To sidestep the challenges posed by the two options above, the BCCI could attempt to bring IPL cricket to new destinations in India by floating bids for two new cities. This would allow the board to keep Chennai and Rajasthan suspended, without terminating the franchise agreement. At the same time, this option opens up the possibility of a ten-team IPL in 2018, thereby preserving the overall viability of the IPL business model in the medium to long term. We believe that this option would be the smoothest strategically and legally.

Commercially, however, it would create certain unique challenges for the BCCI. The board would have to provide two viable cities for the incoming franchises. Learnings from the failed Pune and Kochi ventures ought to be instructive. For starters, the cities need to have comparable infrastructure as well as a captive audience that a new franchise can tap into. Would these franchises have access to enough marquee players to create a viable team not just on the field, but also off it? Time will also tell if fans would associate MS Dhoni with any other city, given that he has emerged as IPL's and CSK's poster boy over the last eight years?

### **Option 4: Run a six-team IPL for the duration of the suspension**

A six-team IPL is problematic on many fronts. The BCCI's deal with Multi Screen Media (earlier Sony Entertainment) as the IPL broadcaster is based on the number of matches played. This also determines the amount of advertisement seconds available for MSM to monetise; a reduction in the number of matches played results in a loss of revenue to the broadcaster, which would have to be made good by the BCCI.

Further, all central sponsorship deals are also usually linked to the number of matches played and a reduction of this would result in another revenue loss for the BCCI. This central sponsorship is also shared with each franchise, thus commercially impacting all of them. Individual franchises have sponsorship deals that are also linked to the number of matches played and therefore a truncated IPL impacts them substantially as well.

Whichever option the board eventually chooses, whether it be one of options discussed here, or even left-field ones like inviting domestic T20 teams from other countries to participate in the next two editions of the IPL, it is clear that the age-old wait and watch approach will not work here. BCCI has one last opportunity to course correct and ensure that the IPL is seen to be a property that is at once law-abiding, credible, market friendly and, most importantly, fan friendly. Or maybe this is just wishful thinking on the part of two enthusiastic fans who also happen to be lawyers.

Perhaps even this opportunity will soon be snatched away from the BCCI's hands when Justice Lodha submits his recommendations for reform and governance of the cricket body.

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