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Evaluation of the financial prospects and roadblocks of the event management business in India

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Abstract

The event management business in India has seen significant growth over the past decade. This growth is driven by rising disposable incomes, globalization, and a strong cultural love for celebrations. However, this lively industry offers great financial potential but also faces several challenges. This paper looks at the main financial opportunities in the Indian event management sector. It covers market size, growth drivers, profit potential, and new revenue sources. At the same time, it discusses the various financial challenges, including high capital costs, seasonality, tough competition, regulatory issues, and cash flow problems. By examining both the promising opportunities and the challenges, this paper aims to provide a clear understanding of the financial factors influencing the event management industry in India.

Keywords: Event management, MICE, digital transformation, financial challenges

1. Introduction

The Indian event management industry is a fast-growing sector that plays an important role in the country's entertainment, tourism, and hospitality areas. Events like large corporate conferences, global sports events, lavish weddings, and big cultural festivals have become essential parts of India's social and economic life. Estimates show that the Indian event and experiential marketing industry is a multi-billion-dollar sector, with strong growth expected in the coming years (Ernst & Young and the Event and Entertainment Management Association Reports). This growth is driven by a young, ambitious population, more people moving to cities, and widespread digital access that supports new event formats. However, the event management business is complex, involving high stakes, complicated logistics, and significant financial risks. This paper aims to explore the financial viability of this sector in India. It reviews the viable event ventures appealing to the entrepreneurs and the major impediments in the business segment.

2. Overview of the Indian Event Management Market

India has a unique event management scenario comprised of a big clientele base having diverse needs. The key participants of this segment include:

- **Corporate Events (MICE):** Meetings, Incentives, Conferences, and Exhibitions. This segment plays a key role in B2B revenue. It is driven by product launches, dealer meetings, training sessions, and annual general meetings.
- **Social Events:** Weddings, birthdays, anniversaries, and other personal celebrations. Indian marriages are well known for their luxury and extravagance.
- **Cultural & Religious Events:** Festivals like Diwali, Durga Puja, Eid, Christmas, and religious pilgrimages often involve large-scale event organization.
- **Sports Events:** From major leagues like the Indian Premier League (IPL) to marathons and local tournaments.
- **Entertainment Events:** It involves programmes such as concerts, fashion shows, award functions and festival events of various kinds.
- **Exhibitions & Trade Fairs:** Platforms for businesses to showcase products and network.
- **Digital & Hybrid Events:** Accelerated by the pandemic, this segment combines physical and virtual elements, opening new avenues.

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The industry is largely unorganized, with a vast number of small and medium-sized enterprises (SMEs) operating alongside a growing number of large, professional event management companies.

3. Financial Prospects of the Event Management Business in India

The financial allure of the Indian event management industry stems from several factors, positioning it as a sector with significant growth potential and profitability for strategic players.

3.1. Robust Market Growth and Demand

- **Rising Disposable Incomes:** As India's middle and upper classes expand, discretionary spending on luxury goods, experiences, and celebrations increases, directly benefiting the event sector.
- **Urbanization and Changing Lifestyles:** Urban centres are hubs for corporate activities, social gatherings, and entertainment, leading to higher demand for professional event services. Modern lifestyles emphasize experiences over material possessions.
- **Globalization and Foreign Direct Investment (FDI):** The entry of multinational corporations (MNCs) and international events (e.g., global conferences, sports leagues) necessitates professional event management services.
- **Government Initiatives:** Schemes promoting tourism, MICE activities (e.g., 'Incredible India'), and destination weddings further stimulate demand.
- **Experiential Economy:** Consumers, both individuals and businesses, increasingly value unique, immersive, and memorable experiences, driving demand for innovative event concepts.

3.2. High Revenue Potential and Profit Margins

- **Large Transaction Values:** Especially in segments like corporate events and luxury weddings, individual project values can be substantial, leading to high potential revenues per event.
- **Customization and Value-Added Services:** The ability to offer bespoke services, intricate themes, advanced technology integration, and exclusive vendor tie-ups allows event managers to command premium prices and higher margins.
- **Diversification of Services:** Beyond core event planning, companies can generate revenue from related services such as vendor negotiations, sponsorship sales, logistical support, technical production (sound, lighting, AV), content creation, and post-event analytics.
- **Emergence of Niche Markets:** Specialization in areas like sustainable events, destination events, virtual event platforms, or specific cultural events can lead to reduced competition and better pricing power.

3.3. Investment Attractiveness and Ecosystem Development

- **Investor Interest:** The growth narrative of the Indian events industry has attracted interest from private equity firms, venture capitalists, and angel investors looking to capitalize on its expansion.
- **Technological Integration:** Adoption of event management software, AI for personalization, AR/VR for immersive experiences, and live streaming

capabilities creates new revenue streams and enhances efficiency, making businesses more appealing to tech-focused investors.

- **Multiplier Effect:** The industry has substantial backward and forward linkages, stimulating growth in ancillary sectors such as hospitality, travel, F&B, logistics, technology, fashion, and skilled labour, creating a robust ecosystem.

3.4. Digital Transformation: Covid-19 pandemic set the path for a rise in virtual and hybrid events in the place of conventional offline events. This unveiled a new source of revenue channels for the event business. Advanced digital technologies considerably reduced the geographical limits and increased the scope of event business. The digital transformation resulted in the enhancement of cost efficiency and facilitated event managers to extend their operations beyond geographical borders. Event management companies are highly exploring the benefits of digital technologies while offering their services.

4. Financial Challenges of the Event Management Business in India

In spite of the vast opportunities of event management business in India, it is exposed to a large number of financial impediments affecting profitability and sustainability.

4.1. High Capital Intensity and Working Capital Needs

- **High Initial Outlays:** Huge amount of funds is required for venue bookings, hiring equipment, remuneration for artists, light and sound and marketing of events. These expenditures are to be incurred before generating the revenue of the event concerned.
- **Delay in Settlement of Payments:** Defaults and delays in payment from the side of the clients obstruct the smooth flow of cash in event business affecting their liquidity and profitability. Usually, event management executives need to settle the financial obligations before the settlement of payments by the clients.
- **Infrastructure Investment:** For larger companies, investing in their own equipment, warehouses, and specialized transport can tie up significant capital.

4.2. Intense Competition and Price Wars

- **Low Barriers to Entry:** The industry, especially at the smaller scale, has relatively low barriers to entry, leading to a proliferation of unorganized players.
- **Fragmented Market:** The presence of numerous small, unorganized players often leads to aggressive price undercutting, squeezing profit margins for established and professional firms.
- **Lack of Standardization:** Absence of uniform pricing models or service quality standards can make it difficult for clients to differentiate, often leading them to choose the lowest bidder.

4.3. Seasonality and Unpredictability

- **Seasonal Peaks and Troughs:** The demand for events is highly seasonal (e.g., wedding season, festival season, year-end corporate events), leading to periods of intense activity followed by lean periods, making resource allocation and financial planning challenging.
- **External Shocks:** The industry is highly vulnerable to

external factors like economic slowdowns, political instability, natural disasters, and health crises (e.g., COVID-19 pandemic), which can lead to cancellations, postponements, and significant financial losses.

4.4. Regulatory and Permitting Complexities

- **Multiple Approvals:** Organizing events in India often requires navigating a complex web of permits and licenses from various government bodies (police, fire department, local municipal corporations, excise department, traffic authorities). This process can be time-consuming, costly, and prone to delays or demands for informal payments.
- **Taxation and Compliance:** Understanding and following GST, entertainment taxes, and other local fees can be complicated, especially for smaller businesses that do not have strong financial capabilities and expertise.

4.5. Talent Acquisition and Retention

- **Skill Gap:** Even though a significant portion of the population is employed, skilled specialists in technical production, creative design, logistics management, and digital events still pose a challenge when it comes to retaining and even hiring.
- **Labor Costs:** Too much dependence on temporary and contract workers hampers the event management business in delivering quality services to the clients.

4.6. Economic Volatility and Client Budgets

- **Optional Expenditure:** Decisions regarding amount to be spent on events depend on the economic condition. People spend less for events during recession times. So, event industry is largely influenced by the state of the economy.
- **Currency Fluctuations:** Currency fluctuations largely influence the profitability and operational expenditures of event management firms operating at the international level.

4.7. Risk Management and Insurance

- **Vulnerable to Liabilities:** Events are at high risks in situations of disasters, natural calamities, damages to assets and security breaks. Financial obligations of event management companies are high when it lacks adequate insurance protection.
- **Insufficient Insurance Coverage:** As a result of shortage of funds, small and medium event firms cut short their investments in insurance. This might result in heavy losses for such firms.

5. Strategies for Mitigating Financial Challenges and Enhancing Prospects

In order to showcase good performance, event management companies should implement appropriate strategies for effectively managing financial challenges and exploring the financial prospects of different projects.

- **Financial Discipline:** Implement robust financial planning, budgeting, cash flow management, and credit control systems to minimize payment delays and manage working capital effectively.
- **Niche Specialization:** Focus on specific segments (e.g., luxury weddings, sustainability events, tech conferences) to build expertise, command premium

pricing, and reduce direct competition.

- **Application of Technology:** In order to enhance productivity, event companies need to reduce their operation expenses, accelerate the satisfaction of customers, identify new sources of revenue and above all, upgrade their operations with the application of advanced technologies for efficient data analysis and superior customer services
- **Strategic Partnerships in the Value Chain:** In order to deliver best services at reasonable price to the customers, event firms need to enter into strategic tie-ups with the members in the event management value chain. This includes harmonious relationships with the venue owners, art people and technology service providers.
- **Retention of Competent Manpower:** Event firms require competent workforce to deliver valuable services to the customers. Effective training and attractive compensation packages are necessary to retain talented human resources.
- **Assessment of Risk and Management:** Event firms need to evaluate their risk factors and adopt appropriate strategies to minimise the impact of risk from various sources.
- **Professionalised Services and Brand Building:** Delivering professionalised services is an essential requirement for market survival. Building of brand and creation of a strong image helps to differentiate the services offered by firm from the competitors.
- **Membership in Event Management Associations:** Membership in professional bodies of event management industry facilitates standardised operations. Event management associations play a crucial role in clearly disseminating the norms, guidelines and professional standards of the event business.

6. Conclusion

Event management is an emerging business segment in India with highest financial growth prospects. The economic upsurge, salient cultural diversity, vivid heritage and thriving population are the prominent aspects that fuel the event management business in the country. The industry can attain remarkable financial return and generate high employment opportunities in future years. The report of the Mordor Intelligence, a market research company, the market size of the event business is expected to attain US\$ 5.23 billion in 2024 and would attain a market size of US\$ 7.8 billion in 2024-29. However, shortage of funds, cashflow delinquencies, delay in upgradation of technologies, seasonal markets are few of the major roadblocks of this business segment. Professional outlooks, international tie-ups, strategic and co-ordinated efforts of the event management associations are highly imperative for the smooth progress of the event management industry in the country.

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