The Winner's Curse: Why IPL Franchises Keep Overpaying for the Same Player

The room did not just applaud when the gavel came down on Cameron Green during the IPL 2026 auction in Abu Dhabi, it gasped. Kolkata Knight Riders had just shelled out Rs 25.20 crore for the Australian all-rounder, outbidding Chennai Super Kings. Green became the most expensive overseas signing in IPL history, going past Mitchell Starc's ₹24.75 crore record from 2024. At first, the price seems easy to explain. Green is a talented all-rounder and several teams wanted him. If the demand is high and supply is limited, prices will increase. But, is Green worth ₹7 crore more than the next best all-rounder in the market? IPL teams have analysts, data scientists, and finance teams to determine the value of a player. However, teams still wind up paying prices that appear affected by the bidding contest more than the player. One can understand this by considering the IPL auction from a game theory perspective.

Why price alone cannot explain the number

A buyer in a normal market determines the value of an object and then decides whether or not to purchase it for that value. The IPL auction has a different process. A franchise is not only thinking about the player. It is also considering the other teams it is competing against. Let's imagine that KKR had an idea that CSK will not bid anymore at ₹15 crore. KKR would have little reason to continue to ₹25.20 crore. However, in reality, KKR isn't familiar with CSK's limits and CSK isn't familiar with KKR's. This makes every bid strategic. A team has to ask not just, "How much is this player worth to us?" but also, "How much is the other team willing to pay?" This is referred to as strategic interdependence. Your decision depends on what you expect another player in the game to do. Game theory studies these situations. The final price, then, can be based not just on the value of the player, but also how far are other teams willing to go.

In theory, limited capital should prevent franchises from operating out of their budgets. But the purse can make bidding more complicated. The ten IPL franchises entered the 2026 auction with a combined purse of ₹237.55 crore to fill 77 squad slots. KKR's purse was the biggest at the auction with a corpus of ₹64.30 crore. That allowed KKR to have breathing room and bid for Green. But spending ₹25.20 crore on one player has an opportunity cost. Every single rupee invested on Green is one that can't be invested on any other player. There's also the worry about losing the player to another club. If KKR had decided not to bid then CSK could have signed Green. KKR would then have to compete head-to-head with one of the top players in the auction. The overseas players are also capped at ₹18 crore, irrespective of the final bid. Any amount above ₹18 crore does not go to the player. It's money the winning franchise is spending just to stop another team getting him. Thus, part of the cost may be competitive, rather than merely the worth of the player.

The uncapped players tell the same story

The same pattern becomes even clearer with uncapped players. Both Prashant Veer (20) and Kartik Sharma (19) were uncapped with no previous IPL experience. Both entered the auction with a base price of ₹30 lakh. However, the Chennai Super Kings eventually forked out Rs 14.2 crore for each player. Mumbai Indians,

Lucknow Super Giants, Rajasthan Royals and Sunrisers Hyderabad were also involved in the bidding. Going from ₹30 lakh to ₹14.2 crore is a huge jump. Their previous performance was not predictive of their performance in the IPL. There was considerable uncertainty. After multiple franchises scrambled for the same player, the choice was no longer solely based on his skill. Each team also had to consider what would happen if a rival got him. That's where the winner's curse enters the picture.

The winner's curse occurs when the winning bidder ends up paying more than an asset is actually worth. It is especially likely when bidders are uncertain about the asset's true value. Teams have varying perceptions about a player's performance in the IPL. The franchise whose estimate is the most optimistic is the one that will most likely continue to bid and ultimately win. The irony is that the team that wins may also be the team that has overestimated the player's value the most.

The bigger picture

This doesn't imply that IPL groups are irrational. They might have models created by their analysts and finance teams that give them a detailed value for the players. The problem is that good analysis cannot remove the strategic nature of the auction. If multiple rational teams wish to acquire the same player, the outcome of each decision is at least partially dependent on the others' actions. A franchise can be aware that the price is greater than their original valuation, but still bid in order to prevent a rival franchise from acquiring the player. The same forces are at work outside cricket. Companies competing to acquire businesses, firms bidding for contracts, start-ups competing for investors and buyers competing for property can all face similar situations. The IPL auction puts these economic forces on display. There is limited supply, uncertain value and intense competition. Add the fear of losing a player to a rival, and prices can rise quickly. So when a player sells for a surprisingly high price, it may not be because franchises have forgotten how to value players. It could be that they're reacting to one another. That's the answer to the IPL Auction. Sometimes, the final price tells us less about what a player is worth and more about how much competing teams are willing to pay to make sure the other side does not get him.

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