



REGULATING SPORTS BETTING IN INDIA

FREQUENTLY ASKED QUESTIONS

1. Is a sport betting legal in India?

Betting on sports is a grey area in India. The Hon'ble Supreme Court of India's judgement in an appeal on horse racing has held that betting on horse races is a game of skill as it involves judging the breed and form of the horse, form of the jockey, and the conditions amongst other factors. But there is no such judgement dealing squarely with betting in other sports.

2. Under whose jurisdiction laws are made on sports betting in India?

The Constitution of India (Seventh Schedule, State List, Entry 34) gives states the right to create their own laws and policies regarding betting and gambling. Therefore the primary responsibility of regulating physical premises based betting and gambling is with the state. Most states have made laws prohibiting gambling but two states, Goa and Sikkim; have legalized many forms of betting and gambling. But when it comes to online betting the ambit of this Entry 34 becomes murky as legislations pertaining to Information Technology vests with the central government.

Pre-independence there was no such distinction and the Public Gambling Act, 1867 governed betting and gambling in the country. Post independence some of the states have adopted this act and therefore this act is still valid for these states. Considering this situation the Central Government could also look at amending this Public Gambling Act and draft model rules under it which the state government could adopt.

3. What are the laws related to betting in India?

- On 1 August 2009 the State of Sikkim amended the Sikkim Online Gaming (Regulation) Rules 2009. This amendment made online sports betting in the state of Sikkim legal, subject to the operator holding a licence.

- Some of other State laws are: the West Bengal Gambling and Prize Competitions Act, 1957, the Bombay Prevention of Gambling Act, 1887, the Madhya Bharat Gambling Acts, 1949, the Punjab Public Gambling Act, 1961, the UP Public Gambling Act, 1867, the Kerala Gambling Act, 1960, the Karnataka Gambling Law/Act, Goa, Daman and Diu Public Gambling Act, 1976, Sikkim Online Gaming (Regulation) Act, 2008, Madras City Police Act, 1888 to name a few.

4. Should betting and gambling be regulated in India?

Despite on-going attempts to enforce prohibitions against sports betting and a number of arrests of those concerned, there is still a great amount of money being bet on sports in India. Some estimates put the total turnover of the the betting market at Rs. 300,000 crores (\$60bn). Due to the perceived illegality of sports betting, a large sum of money flows untaxed to unlicensed offshore Internet sites or to illegal bookmakers, many of whom are allied with organized crime. This presents a strong case to regulate it as sport betting in the eyes of a large number of people is an inevitable activity and is a mere form of entertainment.

5. What are the problems that arise from criminalization of unregulated sports betting?

Problems that arise are:

- Lack of information on the gambling industry particularly because most of it is in the black market.
- There is no information on whether bookmakers are gambling with minors or those who have problems of addiction to gambling – and so we can do nothing to combat check this threat to the society.
- There is no information on whether the punter who places bets with bookmakers is getting a fair deal or not.
- There is no accountability on the money flows through black market gambling.
- There is no way to monitor the pattern of bets being placed on a sporting event – one of the key ways in which one can detect and prevent match fixing.
- There is a loss to exchequer which can derive tax revenue from the industry. It is estimated that Govt. can earn Rs. 12,000-Rs. 20,000 Crores as taxes.

In short, absence of independent regulator gives boost to criminal activities, is a threat to the society and leads to sporting frauds like match fixing. Regulating betting provides the framework to address all of these problems.

6. How can regulating gambling assist in the fight against match fixing?

Legalizing and regulating sports betting might not completely solve the problem of fixing, it just makes it easier to track, investigate and catch anomalies as betting patterns can be monitored. At the same time it also limits the amount of money and opportunities available with the fixers to tilt the odds in their favour thus make fixing less lucrative. The focus of the police or the regulatory authority will also shift from a preventive action to regulatory action. It will be more of monitoring a business transaction like that of SEBI monitoring the share market.

Under regulated betting, bookmakers will be required to keep proper records of the transactions that they are involved with and know the identity of those with whom they are betting which is the key to ensure that sports fraud is detected and dealt with. Tracking cash exchanges among betting agents will be easier and when there's a greater fear of getting caught which generally translates into lesser illegal activities such as fixing. In fact license holders will themselves ensure and create systems where sports fraud would be very difficult as their licenses can be revoked, or good will is affected if they are found flouting the rules. That process is possible only after legalizing and regulating betting.

7. If gambling is regulated won't match fixers criminals and unscrupulous bookies just carry on using the black market?

We must understand why fixing is done. This is done to earn abnormal profits by managing outcomes. If one can't manage this outcome, he would not be able to earn abnormal profits. When sport betting is regulated, regulatory commission / nominee with the help of sports associations would define the rules regulation and type of betting not the fixer. Hence general public will prefer to bet on an officially recognized betting platform and will avoid route of illegal bookmakers, nobody wants to associate themselves with criminals. Moreover public will have incentives in placing bets with licensed operators. Therefore, as customers move towards the legitimate regulated industry the volume of betting and money moves away from the illegitimate industry – it chokes the supply of liquidity to dishonest operators and thus reduction in sports fraud like match fixing.

8. But, how to control remote gambling?

This is a difficult question. The problem is that the internet has fundamentally changed the marketplace for gambling. 20 years ago, gambling required the gambler and the operator to be physically proximate. Now, with penetration of mobile and internet devices and rapid developments in on-line payment mechanisms it is quite possible for a gambler in one country to place a bet with an operator on the other side of the world. Increasingly, Indians are placing bets in this way – and this adds another dimension to the problem of regulation. But these problems are not insurmountable – many jurisdictions in Europe and elsewhere in the world have found solutions to the regulation of international gambling, provided there is a proper framework.

9. Is betting morally wrong?

Many people have strong feelings about gambling – these views emanate from religious or moral views relating to human relationships and attitudes to money and so on. However, whilst we believe that it is perfectly legitimate for members of the public to have different moral views or personal preferences either in favour or against sport betting, it should probably be treated as morally neutral: something which lies between an entertainment and a financial service. Public should be given the respect and should have freedom of choice as to whether to bet or not, and ensuring that there exists a framework designed to protect the young and vulnerable and to ensure good law and order.

10. How is gambling regulation being dealt in other countries?

Some countries (mostly those where there is a strong religious influence on the state) such as some states in the Middle East and South East Asia have taken the view that the role of government is to protect the public from what it sees as sinful behavior. Such states often impose a complete ban on gambling (and often, for example, severely restrict the consumption of alcohol also).

At the other end of the spectrum, some governments view betting/gambling as an export industry, designed to drive trade and revenue creating tourism and employment. Examples

include the US State of Nevada, the Island of Macau and some small island states where on-line gambling is licensed.

Most countries, however, operate somewhere between these two extremes. States which licence gambling include the UK, many European states, Australia, and a number of States in the USA. In these countries, the Government seeks to provide a framework which permits gambling, but also seeks to regulate and control gambling (and takes a share of profit in terms of tax, either as part of general fiscal revenue or directed towards particular social issues (including for example the funding of the industry itself, sports or cultural and charitable causes)).

11. What are the features of most regulatory systems for gambling?

Most countries that have permitted gambling/ Betting have statutory regulatory bodies/ gambling commissions created by the state which is responsible for distributing licenses to betting operators. The regulatory body will have an important role in examining license applications from third parties.

The national regulatory body (a body at the central level) could regulate disputes, where violation/breach involves more than one state's jurisdiction. These could be power to void a particular bet, power to prosecute or seek cooperation between states as well formulating guidelines and dispensing information to the public about betting including listing events on which bets can be placed. National regulator may have state level chapters.

The regulator will have powers of entry and inspection into operator's premises and online networks and to have co-operation from operators. Where problems are detected, the regulator will have powers to impose conditions on operators, together with a range of regulatory remedies from warnings to financial penalties removal or suspension of a license and even criminal prosecution.

12. What are the advantages of regulating sports betting?

The greatest advantage of regulating sports betting is going to be the accountability for the large amounts of money transferred through illegal channels and reduction in cases of match fixing, money laundering and crimes, creating knowledge and education about ill effects in a focussed manner are inbuilt conditions to save vulnerable groups. Besides, it could potentially fund sports development, education, social protection or welfare schemes and infrastructure development plan besides employment generation.
