REPRESENTATION
Regulating Sports Betting in India- A vice to be tamed?

BACKGROUND

Media and courts have raised many issues related to controlling vs. allowing sports betting but it seems to be daunting tasks for the authorities. However, many countries faced with similar problems have successfully benefitted from regulating sports betting. Therefore to discuss various issues engulfing sports betting, and to know public opinion on the same, **following activities were conducted by FICCI-**

- A conference was organized on "Regulating Sports Betting in India- A vice to be tamed?" on 6 June, 2012.
- A knowledge paper was released.
- To know public opinion on the issue a survey[1] was also conducted.

Betting market in India	**Rs. 300,000 crores**
Possible rate of tax	**20% of the profits**
Possible revenue to the Government	**Rs. 12,000 crores to 19,000 crores**
Source: KPMG Report on "Online Gaming: A Gamble or a Sure Bet"	

Hon'ble Justice Mukul Mudgal, Former Chief Justice, Punjab and Haryana High Court and, **Mr. Carl Rohsler**, Global Thought Leader on Sports Betting & Gambling Laws, and Partner, Squire Sanders (UK) LLP led the discussions. Besides, senior officials from Govt. & Pvt. Sectors, sports federations in addition to International Experts took part in deliberations which revolved around following-

- Is *there a need to regulate betting in India?*
- *Regulating Sports Betting in India: Challenges and Opportunities.*
- *Changing Face of International Regulation in betting.*
- *Sports betting in India's Constitutional Context.*
- *Issues of Taxation.*
- *Way Forward*

[1] [1] To check public awareness and know public opinion on sports betting, FICCI conducted a survey among 300 people across Delhi-NCR. The profile of respondents comprised 71% male and 29% female respondents. 46% of the respondents comprised service class and 26% students. 52 % of respondents were in the age group of 20-30 years and 16 % were 50 years and above.

INTRODUCTION

Is betting on sport contrary to its moral code and is betting on sports really illegal?

Betting and gambling is under the purview of state legislation, betting is prohibited on a game of chance and not on a game of skill. Horse racing and rummy have been held to be games of skill hence betting on them is legal. Sport is predominantly a game of skill and chance plays a very small aspect in the game. The ability of the players, the form they are in and the conditions of play are important factors determining the result of a match.

Sports' betting is different from the other common forms of gambling, playing games of chance and taking part in lotteries.

CHALLENGES RELATED TO LEGALIZING BETTING

Betting and other forms of gambling have been viewed with a sense of social disapproval but we have to accept the fact that they are something what might be called a "social constant". Following are the problems related to betting:

- Social disapproval.
- Dangers and side effects (for the young and vulnerable).
- Bookmaking involving bribery, disclosure of confidential information, point shedding, spot fixing and match fixing.
- Unscrupulous and unregulated operators.

Three approaches to look at betting

- **Prohibit it as a vice that should be curtailed;**
- **Accept that it is inevitable and it takes place and seek to regulate it;**
- **Encourage it as a means of generating state revenue and economic growth;**

85% of surveyed agreed that betting on sports existed in India and 67% agreed that it is rampant in sports

NEW PROBLEMS RELATED TO TECHNOLOGY

For betting and gambling, the internet has fundamentally changed the rules. Gambling and betting are the "perfect" industries for remote communication – requiring only the transfer of information and money.

Old models of regulation and control cannot cope. In the field of gambling and betting, legislation generally focused on controlling physical premises. But that approach has been rendered largely obsolete because of the

69% respondents believe that sports betting cannot be controlled as it takes place online, on phone and is operated from outside India.

availability of remote gambling and betting that can transcend state and national borders with ease.

INTERNATIONAL PRECEDENTS: DEALING WITH SPORTS BETTING/ GAMBLING

APPROACH	RATIONALE	Countries
BLANKET PROHIBITIONS	Gambling is a vice or sin from which the public should be protected.	Saudi Arabia, Turkey, Malaysia and some other states.
INTEGRATE GAMBLING WITHIN THEIR OWN SYSTEMS.	Gambling is a means of generating employment, social improvement for populations and tax collection for their governments.	Curacao, Gibraltar, the Isle of Man, Alderney and states in the US like Nevada.
MORALLY NEUTRAL	People should be free to choose. They seek to regulate in a way which reduces the social costs to an acceptable level. There are series of new laws which allow on-line operators to be licensed and taxed in the jurisdiction.	Most jurisdictions in Europe-Denmark, Italy, France, Spain (including UK) and most states within America.

84% of the respondents were aware that sport betting is legal in many countries and generates huge tax revenue for their governments.

BENEFITS OF REGULATION IN INDIA

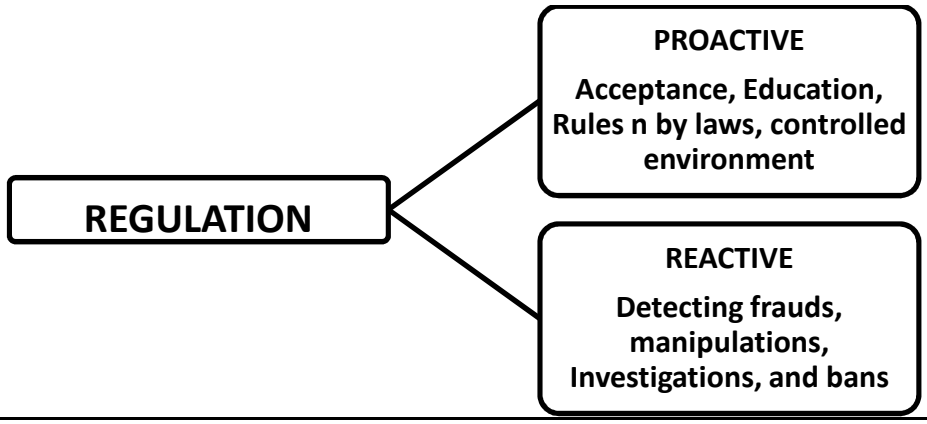
Despite several attempts to ban it, betting is continuing albeit in an underground way and substantial resources have been invested into enforcing such a ban; Thus middle way out is it should be regulated in a way which reduces these social costs to an acceptable level. Hence, the Government should think of legalizing and regulating betting.

1. It can reduce Match Fixing Any surprising betting settlement on a compare is reported by a betting user to authorities and teams for evident action. If unusual betting patterns are noticed, a betting routine on a compare can be voided (cancelled).

74% respondents in FICCI Survey voted that legalizing sports betting will help curb match fixing problem

2. Tax revenue for government Despite ban on betting in India it is thriving in a big way and the Government is losing revenue in the form of taxes and the continuous investment in curbing it is not reaping the desired results. The biggest advantage will be there will be burden for a vast amount of income eliminated by bootleg channels heading to rebate in cases of match-fixing, money-laundering and crimes.
3. Social benefits India already has examples of states like Sikkim and Goa that use gambling as a means of generating income. They encourage it as a way of creating tax and providing employment and social improvement for their populations.

The greatest advantage of regulating sports betting is that there will be accountability for the large amounts of money transferred through illegal channels leading to reduction in cases of match fixing, money laundering and crimes. The question now is how to tax the money involved in gambling and need to devise a system which encourages betting operators to function openly



IMPORTANT ADVANTAGES OF REGULATION

1. Protection for the young and vulnerable against the dangers of unwise betting behavior.
2. Employment generation (more than 8000 people are employed in casinos in Goa).
3. Fairer and more trusted betting experience for consumers with entertainment in a controlled and responsible way which they can trust.
4. Blow against organized crime like match fixing which threaten to damage public trust both in sport and in the legitimate betting industry.
5. Taxation revenues for sports development and preventing sport betting from being linked to criminality or used to launder the proceeds of crime.
6. Protecting players, coaches and all involved with sport from unscrupulous approaches.
7. Generating substantial revenues.

68 % agreed that betting in sports can be controlled

WAY FORWARD

Regulating Betting in India's Constitutional Context By Central Government

- Amending the public Gambling Act, 1867 to include a section on "authorized games". This approach has been adopted by Goa, Daman and Diu Public Gambling Act 1976
- Making regulations under entry 42 of Union List " Interstate trade and commerce"
- Making regulations under entry 31 dealing with "posts and telegraphs, telephones, wireless, broadcasting and other forms of communication"
- Rules could be drafted under IT act for regulation of sports betting on internet and other remote means of communication

Establish Regulator for Sport Betting

Active regulation is the only real solution – whether the underlying philosophy is to permit or restrict. It is necessary to establish a body or bodies to oversee the regulatory process, Like the UK Gambling Commission which does:

- The assessment of applicants for operating.
- The investigation of the key officers and owners of the operating business.
- The creation and enforcement of codes of practice and procedures in relation to sport betting operators.
- The auditing of betting operators in order to ensure that they are complying with the rules and their licenses.
- The investigation of complaints against operators.
- The power to review and revoke licenses in circumstances where the operator has breached the rules.
- The power to bring criminal prosecutions on its own, or to co-operate with other authorities.
- The power to deal with disputes about betting, and the power to void a particular bet which arouses suspicion.

Challenges

Regulating Sports Betting in India

Regulation is a step forward on all these fronts. A system which seeks simply to prohibit rather than control gambling is turning its back on the problem. When regulation arrives, it is true that problems are revealed, actions need to be taken and policies enforced. But that is because regulation tends to highlight problems and issues that had previously gone un-noticed. There can be no doubt that these problems already exist in India.

83% of respondents in FICCI Survey said regulating sports betting with proper laws is better than banning it.

Government could also consider limiting the sport events on which money can be bet. An annual list could be drawn up of all the events the Government wants to promote and these could be notified. This could give an impetus to sports which are not watched much by spectators in India.