

# Gambling and its regulations

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## Manifest Pedagogy

Gambling as an issue exist since ages. But the issue was raked up recently by Lodha panel and further by Law Commission giving detailed recommendations on it. It is more a topic related to Mains but governance related issues about gambling can always be a probability in Prelims.

## In news

Gujarat may introduce new law to ban online Gambling

## Placing it in the syllabus

Indian Polity – Fundamental Rights

Federalism

## Static dimensions

- Where it is allowed?
- Regulation of Gambling in India
- Lodha committee recommendations

## Current dimensions

- Law Commission recommendations
- Advantages and disadvantages of legalizing gambling

## Content

### Where it is allowed?

**Gambling in Physical or Online format is allowed in the following states;**

- The Gambling Legislations of Goa, Daman & Diu and Sikkim allow gambling to a limited extent, under a license, in five star hotels. In Goa, the law also permits casinos on board an offshore vessel.

### **Regulation of gambling in India**

- Under the Constitution of India, the state legislatures have been entrusted with the power to frame state specific laws on 'betting and gambling'. However, prior to the enactment of the Indian Constitution in 1950, the central government enacted the *Public Gambling Act* in 1867 which governed gambling across India.
- After the enactment of the constitution of India many states *Public Gambling Act* in 1867.
- The other states in India have enacted their own legislation to regulate gaming / gambling activities within its territory ("Gambling Legislations"). Most of these Gambling Legislations were enacted prior to the advent of virtual / online gambling and therefore primarily refer to gambling activities taking place in physical premises, defined as "gaming or common gaming houses".
- The Gambling Legislations were introduced before the emergence of the internet. Therefore, the provisions of these laws do not expressly contemplate online gambling. The states of Sikkim and Nagaland are the only states to have adopted specific legislation that permits and regulates online gambling,

### **What subject is it?**

Gambling is a state subject.

### **Lodha panel recommendations on it**

While disposing of Civil Appeal in the case of Board of Control for Cricket in India v. Cricket Association of Bihar & Ors.2, the Supreme Court constituted a Committee under the

Chairmanship of former Chief Justice, Mr. Justice R M Lodha to examine and make suitable recommendations for reforms in practices and procedures and necessary amendments in the Memorandum of Association and Rules & Regulations of the Board of Cricket Control in India.

In its Report, the Committee distinguished between match/spot fixing – which compromises the integrity of the game by attempting to change the course of the match, with betting. It emphasised the need for separate treatment, i.e. punishing match fixing and regulating betting.

Following are the recommendations of the committee;

- The Lodha Committee recommended the legalisation of betting (with strong safeguards), except for those covered by the BCCI and IPL regulations.
- It also recommended that match/spot-fixing be made a criminal offence.
- It also recommended that match/spot-fixing be made a criminal offence. The Committee opined that a regulatory framework would enable the government in differentiating betting from match fixing.
- It recommended that following safeguards be provided in the legislation regulating betting:
  1. Regulatory watchdogs would be necessary to ensure that the betting houses as well as those transacting there, are strictly monitored, failing which their registrations would be susceptible to cancellation.
  2. The Players, Administrators and others closely associated with the sport would be required to furnish the details of their income and assets for the sake of transparency.
  3. Licence would have to be issued to those placing the bets as well, with age and identification details recorded.
  4. Strict penal sanctions would have to be imposed on those

transgressing the licence and other requirements.

### **Law Commission recommendations**

- It states that, regulated gambling and betting in sports would ensure detection of fraud and money laundering.
- It also stated that regulation would help government identify and prevent instances of gambling by minors and problem-gamblers.
- It recommends that gambling and betting through licensed operators, with a linkage to PAN card and Aadhaar card.
- The commission recommended to make proceeds from gambling and betting taxable.
- It also recommended to make match-fixing and sports fraud criminal offences.
- The commission also recommended a bar on the participation of minors and those who get subsidies or do not fall within the purview of the Income Tax Act or the goods and services tax (GST) Act.
- It has recommended to establish a council to prevent problem of gambling and gambling by minors and stated that match fixing and sports fraud should be made criminal offences with severe punishments.
- The commission called for the regulation of casinos, maintenance of accounts, audits, and the safeguarding of its employees.
- The commission also recommended that the exemption granted to horse-racing from the gambling prohibition should be extended to other skill-centric games, with the operators focusing on the safety and protection of players involved in such games.

### **Advantages and disadvantages of Legalizing gambling in Indian**

#### **Advantages**

- **It would help to curb black money and the terror financing: Since the most of the gambling take palce**

very secretly and in the form of unaccounted money there are more chances to chaneelize it to terror groups. Hence legalizing the activity will help to curtail an important source to black money and stop the funds flowing to terror groups.

- Brings good revenue to Government: If the gambling and casino are permitted in strong and restrictibe way that would bring huge tax revenue to both central and state government. These can be used to fund health and other constructive projects of the government.
- **Would generate employment opportunities:** along with revenue, legalizing the gambling would create employment. There are several examples around the world that whenever the gambling is regulated, it has created direct and indirect jobs.

## Disadvantages

- **The integrity would be spoiled:** Integrity is a core component of any activity, but it is crucial for its success in sports and games. It serves as the basis for participants and spectators ' enjoyment. But if the gambling and betting are legalized, there will be a great threat to integrity and honesty.
- **Affects ordinary people: Betting attracts the common man to try their luck and tempts them to play with money and they may lose hard earned money. Hence if gambling or betting is allowed it would affect common people.**