

REGULATIONS OF SPORTS BETTING & IT'S VARIOUS FORMS: A STUDY OF INTERNATIONAL & NATIONAL SAFEGUARDS

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Abstract

Sports betting is not a new concept. It has been the world's oldest form of gambling, which started off as a recreational hobby. The sports betting market has seen some tremendous changes in the last 15 years than it has in the previous 50 years. Sports betting first appeared in the world in the 1950s, and nothing altered until the turn of the century. However, since the turn of the millennium, internet betting has altered remarkably and is currently growing at a quicker rate than ever before. Sports betting is regarded an unlawful practice in many areas of the world. However, many governments throughout the world consider it to be lawful, and they profit financially from legalizing sports betting. At this point, the question is whether legalizing sports betting threatens the integrity of sports, and if not, why hasn't India legalized sports betting yet? This research paper analyses sports betting, gambling, and concept related to online betting, and it selects the important difficulties linked to legalizing sports betting in India. Further, the researchers have attempted to study the legislations of countries where sports betting is legalized.

Keywords: Sports, Legislation, Betting, Gambling, Regulation.

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1. INTRODUCTION

Everyone likes sports, be it cricket, badminton, football, badminton, table tennis or chess. Some want to watch it, some like to play it, but there are still others who want to make money from it, and this desire to make money from sports gives rise to the concept of sports betting, in which one bets one's money on an event and if the result matches his prediction, he wins; otherwise, he loses.

Sports betting accounts for between 30% and 40% of the global gambling market, and the annual global gross gambling revenue is over \$400 billion. Gambling generated the equivalent of \$3.36 billion in the UK in 2020 and nearly 50% of US adults have gambled at least once in their lifetime.¹ This means that sports betting is not limited to a certain territory of a country, but has spread to the whole world, and the sports gambling market is very large.

2. UNDERSTANDING THE CONCEPTS OF SPORTS BETTING AND GAMBLING

Sports betting is a form of gambling where people bet on the outcome of a sporting event. The act of predicting sports outcomes and betting on the outcome is known as sports betting. The most popular sports to bet on vary by culture, with association football, American football, basketball, baseball, hockey, track cycling, auto racing, mixed martial arts, and boxing receiving the vast majority of bets at the amateur and professional levels. Sports betting can also extend to non-athletic events such as reality TV contests and political elections, and non-human competitions such as horse racing, greyhound racing and illegal underground dog fighting.

Sports betting is nothing more than a form of gambling. Because gambling has a wide range of bets and includes sports betting and non-sports betting. Sports betting includes casino games and non-casino games. Casino games are games played with cards, dice or any equipment in exchange for money or an item based on value. It includes games such as card games, dominoes, dice, big six, slot and roulette. Non-casino games are those played outside of casinos, such as bingo, lotteries, scratch cards, coin flips, dice games and many others.

¹ Philip Isakov, Sports Betting Statistics: Trends, Revenue, Growth [2022], PLAYTODAY, available at: <https://playtoday.co/blog/sports-betting-statistics>. (last visited February 2, 2023, 8:07 PM)

Gambling is betting money or something of value on an event with an uncertain outcome.² Games of chance are games of chance or skill in which you bet on the outcome. If you win, you increase your bottom line, if you guess wrong or play poorly, you lose the bet.³ The primary intent to win money or material goods is gambling, so three elements must be present: consideration, risk, and cost. There is no clear bifurcation, but gambling has five main types, which are casino games, sports betting, poker, lotteries and sweepstakes.⁴

2.1 Online Betting and Offline Betting

Online betting is the act of placing a bet on a sporting event or other event over the internet. It is also called “online gambling. Online gambling is any game of chance operated in a virtual space and includes virtual poker, casinos and online sports betting on the other side of iGaming. iGaming, or “internet gaming” or “online gaming”, is broadly defined as betting money or other value on the outcome of an event or game using the Internet. This includes online sports betting as well as online casino games and poker.⁵

2.2 Online Betting and i-gaming

Online betting is a solo sport where one person participates against other solo parties and the dealer, so there may be more than one opponent or parties, but each party will only have one player to bet on, and when they bet, they bet one to one. , everyone bets and when a side wins, only one person wins. But iGaming is a kind of social event where a large number of people collectively participate and bet on the outcome, and when it happens according to the bet, the whole collective group of people wins.⁶

Offline betting, on the other hand, is a traditional form of betting where one physically bets on some outcome on any particular thing. When you bet offline, you are basically betting without using the internet or any other virtual mode. This means you will need to visit a physical location to bet. This can be done in many different places, including casinos, racetracks and even some sports venues.

² Tillamook Headlight Herald, *available at*: https://www.tillamookheadlightherald.com/community/gambling-it-s-a-gamble/article_f02cea0a-5696-11eb-a3e4-975363c4329c.html (last visited January 25, 2023).

³ INIWO, *available at*: <https://iniwoo.net/tips/gambling-internet-gaming-guide/> (last visited January 30, 2023).

⁴ PEDIAA, *available at*: <https://pediaa.com/what-is-the-difference-between-betting-and-gambling/> (last visited January, 31 2023).

⁵ Online Sports Managers, <https://www.onlinesportmanagers.com/article/420-online-sports-betting-vs-offline/> (last visited October 22, 2022).

⁶ What is iGaming? Everything You Need to Know, Sports Betting Dime, *available at*: <https://www.sportsbettingdime.com/guides/legal/igaming> (last visited February 23, 2022)

2.3 Gambling and Sports Betting

The primary difference between betting and gambling is that betting can be done at both the amateur and professional levels, while gambling is usually done at the professional level. Both betting and gambling involve placing money on the outcome of a game, race or other unpredictable event. Both terms overlap to a large extent, as we consider betting to be a form of gambling. The main difference between betting and gambling is that betting is done at both amateur and professional levels, while gambling is usually done at a professional level.⁷

Both gambling and sports betting differ in the level of professionalism in the process of each, but also the two acts are characterized by the fact that in gambling, bets are placed on an event without any outcome, while in betting, bets are placed at least based on the idea or performance of the given betting events.

Gambling involves a high risk of betting because it is an illegal act, but when comparing sports betting with gambling, sports betting is less risky because it is an organized commercial act and only involves the risk of losing money.⁸

Both gambling and sports betting have similarities in the involvement of risk and money. Both acts need money to bet and with money involved comes the risk of losing money.

3. INTERNATIONAL SAFEGUARDS FOR SPORTS BETTING AND GAMBLING

3.1 Macolin Convention 2014

Due to different interests of the individual states, no universally applicable law on gambling was signed by the national states. However, efforts have been made in the aforementioned way because on September 18, 2014, the “Council of Europe Convention on the Manipulation of Sports Competitions (Macolin Convention) was signed by 15 Council of Europe states and when it entered into force in 2019, it was also ratified by countries such as Ukraine, Norway, Portugal, Moldova etc. and currently has 30 European signatories along with Australia and Morocco.⁹

⁷ PEDIAA, *available at*: <https://pediaa.com/what-is-the-difference-between-betting-and-gambling/> (last visited January, 31 2023).

⁸ Ibid.

⁹ Macolin Convention, *Journals of India*, (May 16, 2022), *available at*: <https://journalsofindia.com/macolin-convention/> (last visited October 20, 2022).

It is a multilateral treaty open to every state and is the only legal instrument and international law that addresses the issue of manipulation in sports competitions. The main goal of the convention was also the prevention and solution of illegal sports betting. This convention requires public authorities to cooperate with sports and competition organizers and betting operators in order to detect and punish offenders involved in the manipulation of sports competitions.¹⁰

3.2 Laws in United Kingdom

In UK, sports betting is completely legal both in person and online. Activities are governed by the Gambling Act 2005. This Act applies mainly to England, Wales and Scotland and transfers licensing authorities to local authorities from magistrates' courts and is regulated by the 'Gambling Commission'. The sole responsibility of Gambling Commission is to issue and oversee the licensing process and ensure maximum compliance with the above law.¹¹ In addition to this Act, there are specific laws that set out guidelines for individual sports, such as the Horse Betting and Olympic Lotteries Act 2004, the Gambling (Licensing and Advertising) Act 2008.¹²

3.3 Laws in United States of America

In USA, gambling and sports betting were widely considered illegal under the Professional and Amateur Sports Protection Act (PASPA) of 1992, with certain exceptions granted to states such as Oregon, Montana, and Nevada. However, in *Murphy v. National Collegiate Athletic Association*, the Supreme Court concluded that the law was a violation of the 10th Amendment,¹³ leaving states to chart their own paths when it comes to gambling and sports betting.¹⁴

3.4 Laws in Australia

¹⁰ Council of Europe Convention on the Manipulation of Sports Competitions (CETS No. 215), Council of Europe, available at: <https://www.coe.int/en/web/conventions/full-list?module=treaty-detail&treaty-num=215> (last visited October 19, 2022).

¹¹ *United Kingdom Online Sports betting laws*, ONLINE BETTING, available at: <https://onlinebetting.com/countries/united-kingdom> (Last visited October 19, 2022).

¹² Vishruthi Chauhan, *Gambling laws across the world*, IPLEADERS, (August 17, 2020) available at: https://blog-ipladers-in.cdn.ampproject.org/v/s/blog.ipleaders.in/gambling-laws-across-world/?amp=1&_gsa=1&_js_v=a9&usqp=mq331AQKKAFQArABIIACAw%3D%3D#amp_tf=From&share=https%3A%2F%2Fblog.ipleaders.in%2Fgambling-laws-across-world%2F (Last visited October 20, 2022).

¹³ *Murphy v. National Collegiate Athletic Association*, 584 US __ (2018).

¹⁴ *United States online sports betting laws*, ONLINE BETTING, available at: <https://onlinebetting.com/countries/united-states> (last visited October 19, 2022).

Australia has a federal law governing gambling activities and each state has separate gambling regulations. The Interactive Gambling Act of 2001 is a federal law governing gambling activities and provides licensing and regulation for gambling. States in Australia have their own gambling laws, for example Victoria has the Casino Control Act 1991 and the Gambling Regulation Act 2003 etc. Similarly, New South Wales has the Casino Control Act 1992 and the Betting and Racing Act from 1998.¹⁵

3.5 Laws in South Africa

Gambling in South Africa has always been restricted, and the Gambling Act of 1965 made gambling and sports betting completely illegal and unlawful, except for provisions for betting on horse racing. In the 1990s, however, the government took a more lenient approach to gambling and relaxed the ban and issued several licenses.¹⁶ It was in 1996 that the National Gambling Act opened the way for licenses to establish casinos and the National Lottery. The act also established the National Gambling Board, tasked with regulating and overseeing the gambling industry.¹⁷

3.6 Law in Canada

In Canada, gambling and betting of all kinds are considered illegal and are prohibited with certain exceptions. Gambling and betting in the country is regulated and controlled by the Criminal Code of Canada at the federal level. Sections 201-207 provide laws relating to sports betting and gambling. Similar to the US and Australia, Canada allows states to draft their own laws. For example, in New Brunswick, gambling is regulated by the Gaming Control Act, and in Ontario, gambling activities are regulated by the Ontario Lottery & Gaming Corporation Act, 1999.¹⁸

¹⁵ Vishruthi Chauhan, *Gambling laws across the world*, IPLEADERS, (August 17, 2020); available at: https://blog-ipleaders-in.cdn.ampproject.org/v/s/blog.ipleaders.in/gambling-laws-across-world/?amp=1&_gsa=1&_js_v=a9&usqp=mq331AQKKAFQArABIIACAw%3D%3D#amp_tf=From&share=https%3A%2F%2Fblog.ipleaders.in%2Fgambling-laws-across-world%2F (Last visited October 20, 2022).

¹⁶ *South Africa online sports betting laws*, ONLINE BETTING, available at: <https://onlinebetting.com/countries/south-africa> (last visited October 20, 2022).

¹⁷ *Online Gambling laws in South Africa*, MAIL & GUARDIAN, (August 31, 2022) available at: <https://mg.co.za/partner-content/2022-08-31-online-gambling-laws-in-south-africa/> (Last visited October 19, 2022).

¹⁸ Vishruthi Chauhan, *Gambling laws across the world*, IPLEADERS, (August 17, 2020) available at: https://blog-ipleaders-in.cdn.ampproject.org/v/s/blog.ipleaders.in/gambling-laws-across-world/?amp=1&_gsa=1&_js_v=a9&usqp=mq331AQKKAFQArABIIACAw%3D%3D#amp_tf=From&share=https%3A%2F%2Fblog.ipleaders.in%2Fgambling-laws-across-world%2F (Last visited October 20, 2022).

3.7 Law in Japan

Gambling is an activity that is traditionally frowned upon in Japanese culture. Most forms of gambling are considered illegal under Chapter 23 of the Japanese Penal Code. The only exceptions to the law are bets against horse racing, cycling, motorcycles and motorboat racing.¹⁹

4. NATIONAL SAFEGUARDS AGAINST SPORTS BETTING AND GAMBLING

4.1 Indian Constitution

In the *Constitution of India*, gambling and sports betting come under the List II i.e., State list²⁰ as entry number 34 whereas entry number 40 under the List I i.e., Union list²¹ mentions about the lotteries organised by the government of a state.

4.2 Legislations

In India, gambling and sports betting activities are regulated by the *Public Gambling Act* of 1867²². The Act criminalizes the public gambling and keeping of common gaming houses. It prescribes imprisonment up to 3 months and fine up to Rs. 200 for the first offence and imprisonment for 6 months and fine up to Rs. 500 for the subsequent offence.

The Gambling and Sports Betting in India is governed by various laws enacted from time to time by the state governments. At present, there is no central legislation governing gambling and sports betting in India. The states have the power to enact their own laws on gambling and sports betting.

However, some of the states have enacted legislation to regulate gambling and sports betting activities. The states of Karnataka and Sikkim have enacted legislation to regulate gambling and sports betting. The Karnataka Police (Amendment) Act, 2021²³ regulates gambling and sports betting in Karnataka. The Sikkim Casinos (Control and Taxation) Act, 2002²⁴ regulates gambling and sports betting in Sikkim. Gambling and sports betting are also regulated by the local laws of

¹⁹ *Japan Online sports betting laws*, ONLINE BETTING, available at: <https://onlinebetting.com/countries/japan> (Last visited October 19, 2022).

²⁰ INDIA CONST. List 2, State List.

²¹ INDIA CONST. List 1, Union List.

²² The Public Gambling Act, 1867, No. 03, Acts of Parliament, 1867 (India).

²³ The Karnataka Police (Amendment) Act, 2021, No. 37, Karnataka Legislative Assembly, 2021 (Karnataka).

²⁴ Sikkim Casinos (Control and Taxation) Act, 2002, No. 04, Sikkim Legislative Assembly, 2002 (Sikkim).

the respective states. The Municipal Corporation of Delhi has enacted The Delhi Gambling Act, 1955²⁵ to regulate gambling and sports betting activities in Delhi.

There are various Central laws which have implications on gambling and sports betting activities in India. The *Prize Chits and Money Circulation Schemes (Banning) Act*, 1978²⁶ prohibits prize chits and money circulation schemes. The Act prohibits any person from running or promoting any prize chits or money circulation schemes.

The *Income Tax Act*, 1961²⁷ prescribes the tax on the income from gambling and sports betting activities. The Act provides that the income from gambling and sports betting activities shall be taxed at the rate of 30% of the net profits. Goods and Services Tax (GST) is a value added tax levied on the supply of goods and services. GST applies to gambling and sports betting. GST on gambling and sports betting is 18% of the total bet amount.

Online gambling and sports betting are not expressly prohibited under Indian law. There are no specific laws governing online gambling and sports betting in India. Online gambling and sports betting are governed by the general laws of India.

The *Information Technology Act*, 2000 regulates e-commerce in India. The law prohibits the transmission of money through electronic media for the purpose of gambling or sports betting.

In India, gambling and sports betting are conducted in physical premises as well as in the online space. Offline gambling and sports betting are regulated by state laws. Indian laws do not specifically prohibit online gambling and sports betting.

5. GAMBLING AS A THREAT TO INTEGRITY

Sports are entertaining to watch since the outcome cannot be predicted and is dependent on the game's development. Sports betting, a type of gambling, allows viewers to participate with live sports on a new level, making the activity appear to be a lot more fun experience. Sports betting, if allowed without an appropriate regulatory framework, would represent a severe threat to athlete safety and privacy, as well as match-fixing and destroying the game's integrity.

Sports betting poses a threat to the privacy and security of an athlete competing in a sport. An athlete's medical status, fitness and other key factors are taken into consideration for an educated

²⁵ The Delhi Gambling Act, 1955, No. 09, Delhi State Legislative Assembly, 1955 (NCT of Delhi).

²⁶ ACT NO. 43 OF 1978 [12th December 1978].

²⁷ Act 43 of 1961.

bet to be made²⁸, which requires all the data about the athlete to be made public. The people betting on a sport could go to any extent to gain insider information about the athlete and this possesses a significant threat to the athlete's privacy.

Sports gambling might result in a rise of scandalous activities that lead to actions like match fixing, which involves wilfully fixing the outcome before the match commences in favour of one party. Match fixing can involve a player, a coach, a referee, or any other sports staff, who might have bribed, or threatened by gamblers²⁹. The gamblers thereby having the knowledge of the outcome of the game, gamble in the favour of the party that is pre-determined to win and make money easily out of such bets.

Predetermined result games lack the authenticity of true games. Athletes are constantly trying their hardest to win the game, which adds aspects of surprise and pleasure to the game. The player works hard to become in the greatest form possible for the game. Bribing or threatening such passionate and hard-working players to fix the match, gamblers also want to make a qualified bet to turn the odds in their favour, which requires information about the player's physical health, which threatens the player's privacy. Such fraudulent activities in sports can demoralize them and inevitably make them choose other options than the sport they are passionate about. Therefore, it can be concluded that gambling actually threatens the integrity of the sport.

Finally, it may be inferred that both gambling and sports betting are practices of wagering money on the likely outcome of a game, such as which team will win or lose a certain game, but both breach the dignity of sports, and gambling is a danger to the integrity of sports.

To win the bet, participants try to sabotage the game by paying the players, coach, or referee in order to win the bet and obtain an unfair profit, but this eventually damages the game's authenticity. Sports betting has been legalized through some websites and apps, but only to the extent that claimants have to pay tax on a portion of their winnings.

Betting is permissible in sports where talent is required, such as horse racing, where the bettor must guess and stake money by predicting which jockey will win the race, something only a

²⁸ David Zimmerman, *Maintaining the integrity of the game*, Devos Sport Business Management, available at: <https://business.ucf.edu/devos/2019/07/03/maintaining-the-integrity-of-the-game/#:~:text=Sports%20gambling%2C%20if%20not%20properly,the%20largest%20microscope%20of%20doubt> (last visited October 20, 2022).

²⁹ Jeremy Luke, *Match Manipulation and Gambling in Sport*, SIRCUIIT, (July 15, 2020), available at: <https://sirc.ca/blog/match-manipulation/> (last visited October 20, 2022).

professional punter or bettor can accomplish. The bettor's prediction here will be based on his understanding of the history of the jockey and the horse as well as the winning statistics of the horse. It will also need knowledge of the horse's breed. When all the information is put together, the bettor may determine which horse will win.

Another common example is cricket betting websites and apps, which require the player to form a team and forecast how well the individual would perform. For example, if a better selects Virat Kohli and predicts that he will score up to 100 runs in a certain match, the bettor will win if Virat Kohli scores 100 runs or more in that match. In the preceding scenario, the bettor must be familiar with both the player and the game. While betting is allowed, it is restricted to a few sports and necessitates the bettor's talent and understanding of the sport.

6. SUGGESTIONS AND CONCLUSION

With the rise of virtual gambling, both gambling and sports betting have gained worldwide popularity. As a result, countries' ability to monitor gambling and betting have become more difficult. There are many countries which restrict both the activities, and some who have made gambling legal, but most countries still prohibit sports betting and even some of these criminalize it because it is accepted as an activity that undoubtedly threatens the integrity of sports. Sports betting requires not only passion for the sport, but also a high level of expertise in order to tip the scales in favour of the player. The world of sports betting is not just based on chance. The advantage of betting on matches and other sporting events is that the bettor has a say if he is familiar with the sport he is betting on.

The sports betting industry has evolved alongside sports as a result of globalization and technology, with a clear link between the two. We have seen the influence of sports betting on sports, both beneficial and harmful. It is hard to say what changes sports betting will bring us in the coming years, although there is a feeling that at least for now the waters have calmed down and we should not expect big "surprises" or technological advances like before. But every now and then something new can surprise us that we don't expect.³⁰

Sports betting and gambling are considered as a threat but rather it is a very good opportunity to increase the economy and income of the country. With the advancement in technology, it is very difficult to track sports betting in the country, but it is possible to make the process easier by

³⁰ Ioan Turcu, The Impact of The Betting Industry On Sports, 13 (62) Bulletin of the Transylvania University of Brasov, 257 (2020), *available at*: https://webbut.unitbv.ro/index.php/Series_IX/article/view/157.

legalizing sports betting. As they may suggest, taxes on sports betting organizations and sports betting are a very good opportunity to bring a large economic and financial boost to the country. By legalizing sports betting, it is highly likely that sports betting will be easy to monitor and regulate. Governments may also bring certain policies regarding sports betting where they may place certain restrictions on the organization operating the sports betting. In countries such as Australia and Argentina, where betting is legalized and the government has imposed restrictions as in Argentina, betting is restricted to horse racing only. The country is also working on an online betting system that could be approved after the summer's World Cup. For horse racing, it is only legal at the track or in designated bookmakers, online gambling is not allowed.³¹

To conclude, tackling the problem of sports betting in India is not very difficult. Rather, we need some strong policies and regulations on the lines of countries like USA, UK so that it could be controlled and maintained, and could be restricted in some limits, so as to ensure fair play in sports.

³¹ Which countries allow gambling on sports? Assessing the impact of betting around the world (February 3, 2023), available at: https://www.espn.in/espn/story/_/id/23518003/which-countries-allow-gambling-sports-assessing-impact-betting-world.