

# The case for legalized cricket betting; it's not what you think

By [Shailesh Menon](#), ET Bureau | 19 Jan, 2016, 04.00AM IST

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A few days before the India-Australia series began earlier this month, bookies (bookmakers who accept bets on behalf of people on the outcome of sports contests) residing in Mumbai, Delhi, Kolkata and Jaipur moved to small towns such as Ratnagiri, Nashik, Bhavnagar, Jamnagar, Rajkot and Belgaum. They then purchased new SIM cards, bought new ledgers and opened new accounts in the names of their patrons.

Over the years, these actions have become customary before every important series. A gruelling cricket season lies ahead — the ongoing India-Australia series will be followed by the ninth season of Indian Premier League (IPL) in March. The shift to obscure places and the cat-and-mouse game are aimed at a singular purpose — escape the attention of law enforcement agencies. The big bookies even travel abroad, mostly to Dubai. Barring Sikkim, which recently legalised sports betting and gambling, sports betting is illegal in India. Bookies face the risk of seizure of equipment and cash, penalty and jail term varying from two months to three years.

But so far bookies have largely conducted business with little fuss. "This (relocation and deception) makes it difficult to nab them," says a senior Mumbai police officer. This officer, who requested anonymity, can think of only one solution to control illegal cricket betting — legalise and regulate it. His reasoning is that once betting is legalised, licensed bookies will help the police to stop illegal betting. The policeman is not the only one who thinks only legalising sports betting can restrict the illegal side of the activity.



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## HOW OTHER COUNTRIES TAX BETTING IN SPORTS

Austria	Up to 28.45%
Czech Republic	3.25%
Germany	16.66%
Greece	4.33%
Ireland	1% of gross revenue
Luxembourg	15%
UK	15% of net revenue
Malta	4.42%
Poland	6%
Spain	6.66%



On January 4, a three-member panel appointed by the Supreme Court also recommended legalising cricket betting in India. The panel, headed by chairman RN Lodha, was set up to investigate the IPL match-fixing scandal of 2013 and suggest ways to improve the functioning of the Board of Control for Cricket in India (BCCI), the game's powerful governing body.

The Lodha panel has taken a realistic view on betting, saying the BCCI should have an "in-built mechanism" to ensure players and administrators don't bet on matches. Making betting legit is a view also shared by a scrum of cricket administrators, former cricketers, law enforcement agencies, sports lawyers, industry bodies and politicians connected with cricket.

"It's both positive and negative," says former cricketer and BJP MP Kirti Azad, who is fighting alleged corruption in the Delhi & District Cricket Association. "By legalising cricket betting, the government would receive more taxes. At the same time, legalised betting may attract a lot of poor people." This is in all likelihood true.

**Social Taboo** In Kerala, for example, authorities have discovered that lottery tickets are largely purchased by the poor. The majority of the middle class and nearly all the affluent sections do not buy lotteries at all, according to a former head of the lotteries department in Kerala, possibly because of the strong social taboos associated with betting and gambling in India.

The law— gambling is largely governed by the Public Gambling Act of 1867 — too frowns on the activity, though only gambling in 'games of chance' is prohibited. Games of skill, in which bettors have a thorough knowledge of the sport (and the players involved) at the time of placing a bet, have no restriction. This distinction essentially means horse-racing is only sport in India in which gambling is legal. The law deems horse-racing as a game of skill rather than a game of chance. That also means betting in all other sports, mostly cricket given its huge popularity in India, has inhabited — and thrived — in a world of secrecy. And the betting syndicate has proved to be masters of ingenuity in evading law.

A Mumbai-based punter who deals with cricket gave ET a peek into the world of betting. Bets start from as low as Rs 5,000 to any number

beyond anyone's comprehension, according to him. Almost all bets are laid after the toss — because bettors come to know of the team composition only after the toss. The main bet (and supposedly the safest) is always laid on the end-result of a game.

Betting on an end-result is essentially predicting the winner or end score of the team batting first. There are also options to cast 'session bets' and 'spot bets'.

Session bets are placed on runs scored within a range of overs (say 5 to 15 overs). Spot betting is trickier as it involves forecasting a series of actions (runs scored in an over, wickets taken or no-balls bowled) in an over.

Bookies use up to 50 cellphones (phone numbers are changed after every big series) to connect with bettors. Around 10 phones are kept on hold (to bar incoming calls) to get in touch with the rich patrons while other phones ring off the hook throughout the match. "The settlement is done in 30 minutes after the match.

Transactions are settled through the hawala route... So if a person in Delhi has won Rs 1 lakh, another who has lost a similar amount in that area is asked to pay the winner in cash," says the punter. Payment defaults are rare in cricket betting as bookies allow bettors into their fold only after getting two references from other high-profile bettors. These references are required to pay up in case their referral decides to not honour a bet. "It'll be very difficult for the government to curb illegal cricket betting as it is very efficient closed-door system," says the punter with a nervous chuckle.

Industry lobby [Ficci](#) estimates the betting market in India is worth at least Rs 3,00,000 crore — of which cricket has an 80% share. According to experts at Ficci, the Centre can earn as much as Rs 20,000 crore if the recommendation by [Lodha Committee](#) to make betting in cricket legal is enforced. The value of the bets is humongous.

Bets worth \$200 million (about Rs 1,300 crore) are placed every time the Indian team plays an ODI. Every IPL match draws in as much as \$100 million (about Rs 530 crore) to the domestic illegal betting pool. The scale is equally big. Cities such as Mumbai, Delhi and Kolkata have as many as 2,500 main bookies, supported by several punters or collection agents (who take bets on behalf of the main bookie). To be sure, the government can augment its revenues by levying tax on winnings. To draw a comparison, 'winnings' from horse-racing bets are charged at 30% in India.

"If cricket betting is unstoppable, it's better to legalise it, regulate it and earn some revenue out of it," says Jaydev Mody, chairman of Delta Corp, which runs two casinos in Goa. "I think betting volumes will only be there in cricket (than any other sport), so it makes sense to legalise cricket betting at the first level." If the government is serious about legalising cricket betting, it can borrow a page from horse betting. Bettors must be qualified in that they should have the 'skill' and knowledge to place bets in cricket. But the road ahead is tricky. First, states have to come on board. Then there are several legal tangles and overlaps to deal with. [Sikkim](#) itself offers a glimpse into the difficulties.

Ranjana Adhikari, who practises media, entertainment and sports law at Nishith Desai Associates, says states are empowered to legislate on the issues of betting, but they have to confront the Information Technology Act, 2000, the federal law that regulates activities through the internet. "We have seen in the case of Sikkim that the overlap of regulatory powers has hit the plans of operators to provide the operations on a pan India basis through internet." Like Sikkim, each state would need to amend their gaming laws — betting is a state subject — to legalise sports betting pan India. A shorter route would be for the Council of States to pass a resolution stating that Parliament should legislate on sports betting in national interest.

"To offer sports betting online, the Centre would also need to amend the 'Intermediary Guidelines' which currently prohibits ISPs from allowing gambling content," says Adhikari. That apart, any move to legalise cricket betting may face stiff political and social resistance. Gambling, across all age-groups and cultural backgrounds, is considered a vice because it is addictive, with compulsive gamblers staking valuables dear to life and living, harming not only themselves but also family and friends. "Problem gamblers will always gamble, irrespective of its legality or illegality," says Rahul Luther, founder of Hyderabad-based Hope Trust, a facility for treating addiction problems, including problem gambling. "Therefore, the better option is to legalise gambling, monitor and regulate it."

To check black money flooding betting rings, the Centre will have to make transactions cashless. Bettors should be mandated to use the banking/e-wallet channels to place their bets. Then there is the matter of going easy on taxing winnings. Here too, legal horse-race betting offers lessons.

According to race club managers, illegal horse-race betting has gone up 30-50% over the past three years, pummeling down (legal) betting volumes of turf clubs across the country. This is due to the steep tax and club commissions race clubs charge their patrons (Royal Western India Turf Club, the most popular club, takes nearly 30% as commission from winnings).

Delta's Modi says legalising betting without rationalising taxes may not help. "If the government keeps taxes at 4-5% levels, compliance with the law would be as high as 95%."

### International Experience

The government can take some cues from countries that have legalised betting. Countries like the UK have adopted measures to control 'problem betting' and framed laws to support legalised betting and gambling.

#### BETTING HUBS ABROAD

##### UNITED KINGDOM

Most well-developed betting market in the world

Focus on problem gambling, fraud and organised crime

Govt plans a Point-of-Consumption Tax at 15% on outside clients

##### BRAZIL

Offline gaming, betting and lotteries are legal in Brazil

There is no express legislation on online betting in that country

Sports clubs receive 22% of the earnings from sports lottery for the use of their insignias

##### USA

In 2011, the commercial casino industry had gross gaming revenue of more than \$35 billion a year

Paid nearly \$13 billion in wages

More than \$7.9 billion in taxes

##### RUSSIA

Russia imposes rigid state control over betting/gambling

Sports betting is conducted and controlled by the state-owned agency GOSLOTO

Gaming establishments are allowed only in certain zones

##### GERMANY

Betting and gambling is regulated by individual states

Online sports betting was only allowed recently

No TV advertising of sports betting firms

'problem betting' and framed laws to support legalised betting and gambling.

The UK has long managed a well-developed gambling industry with sports betting options and lotteries. Between April 2008 and September 2011, the gross gambling yield (excluding telephone betting) was £20.1 billion, according to a UK Gambling Commission report.

"Regulation of betting is critical to preventing corruption in sports," says Nick Nocton, partner at London-based law firm Mishcon de Reya LLP. "Only through a robust regulatory regime can regulators and sports bodies hope to access key information regarding suspicious betting transactions."

Licensed bookies in UK are required to report suspicious betting activity to the Gambling Commission and other sport governing bodies concerned. The commission also runs a Sports Betting Integrity Forum, which facilitates information-sharing between stakeholders of the sports and gambling sectors.

Closer home, China has basic laws to protect people who try their luck buying sports lotteries. Revenue received through the lottery is utilised to cover lottery prizes and expenses and the remaining sum is spent on public welfare.

India will have to rely a lot on technology if it wants to legalise sports betting. Apart from widening the ambit of IT and telecom laws, the government will have to reduce manual intervention in the whole betting process.

To facilitate "age-limiting", bookies will have to install age-gating technologies at the time of placing bets. Problem gambling can only be curbed if bookies set up 'pattern monitoring cells', which will study the betting pattern of clients while customer service cells will have to be set up to counsel and wean away addicts. "In foreign countries, sophisticated technologies are used to address many of these issues, especially fraud detection," says Adhikari. "Specialised units must be put in place, like UK's Sports Betting Intelligence Unit, to assist the enforcement authorities to effectively implement the law."

Curbing illegal betting would also have an indirect benefit — it would restrict the amount of money available with fixers who try to tilt the results of matches in their favour. Question is will the government make the bet.