

# Legalization of Gambling and Its Impact on the Economy



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## Abstract

Irrespective of its many vices, "Gambling" has been an integral part of the society and that of the Indian culture since time immemorial. Even before the six side dice was invented, Indians used the nuts of the Bibhitaki tree as dice. References to gambling can be traced to the time of Mahabharata.

Emergence of Internet has opened New Dimensions in the scene of Gambling. Since the Laws related to Gambling were made before the introduction of internet, thus, they lack to address online gambling.<sup>25</sup> India is moving towards improved age and gender parity among online gamers. The majority is expected to continue playing on mobile devices in 2021

Volumes of gambling, though not regulated and socially accepted in Indian scene is estimated to be \$60 billion in 2010 KPMG report, while other, more recent, studies peg the value at a higher number. Even a conservative estimate suggests that the government could earn tens of thousands of crores as tax revenue by legalizing sports betting. Additionally, if online gambling and casinos are also permitted, the estimated tax revenue would be much higher.<sup>55</sup> This research addresses the different motives, pros and cons, legal status and the impact Legalization of Gambling (if done) on National Economy.

**Keywords:** Gambling, Economy, Legalization, Delinquency, Black-Money.

## Introduction

Human nature in relation to others is always dispersed in three types of situations viz. Win- Win, Win-Lose, Lose-Win. We do understand that the nature of human greed is almost always in favour of the first two, while the third comes forth, only in cases of dedication and sacrifice with certain expectations from the incumbent in future. This also happens in all the gaming situations, may be with sportsman spirit or a gamble in order to secure an edge over the situation.

Gamble is not necessarily an involvement of money or its value but the vanity, objects, articles, resources, flora, fauna and/or human body as well.

Variety of gambling patterns are witnessed in various parts of the globe, although, all of the gambling happens to be similar in nature with the expectation of returns. The historical evidence of gambling in India can be traced back to Mahabharata epic. The variety of gambling can be understood through the various aspects of life, living patterns, standard of living and the expectations therein. If parents establish a competition amongst their siblings, is it not a gamble where results may favour or disfavour the expectations of parents regarding the outcome of such competition. Similarly the most talked about gambling in the scene of clubs, casinos, carnivals, cards, dice games, pool, racing games, and other indoor and outdoor games where skills are exploited but in a few of them, unless there is a hidden malafied intent, the result become fully or partially based on luck as a factor. Here we may also include attempting a competitive examination by duffers with no expectations but depending on a matter of uncalculated probability named as luck.

Legalization of gambling, or considering it a social evil, putting the same under legal and penal provisions is not possible in all situations and trivial matters. At large, the situations which affect the social and economic environment of an individual, a family, society or state at large, need to be addressed properly through imposable legal provisions.

Litigations, because of the grievances in cases of malafide intent or suspected foul play or even greed, disgrace and such several other situations do happen and have historically been the guidelines to help the legislation, generate the legal framework of prevention of untoward

situations in the society and to regulate the activities with provision of penal sentences etc.

Here we are dealing with the general and critical aspects of gambling in India, their impact and the provisions in existing legal framework, its applicability in present context, the requisites and reasoning for the legalization and its impact on National Economy.

#### **Objective of the Study**

To understand the meaning and variants of Gambling, their impact on Micro and Macro environment of individual, Society at large and its Economy, thereby giving a thought of Legalizing in place of considering it a social evil and framing fragmented legal provisions of the same.

1. To understand the concept of Gambling and Gaming.
2. To seek various variants of gambling prevalent in various geographical as well as different socio-cultural regions of the globe.
3. To study the impact of gambling on the individual, society and its economy.
4. To give a thought to the wide spread concept, considering Gambling as a social evil.
5. To study the existing legal provisions related to different variants of gambling.
6. To study the requisites for Legalization of gambling.
7. To understand the impact of legalization of gambling in Indian social economic and legal scenario.

#### **Scope**

Scope of this study is broad and shall cover the /prevalent gambling patterns and variants across the globe. It also addresses the social acceptance levels and hatred towards such activities, their impact on micro and macroeconomic situations, the legal litigations witnessed and their rationale to the situational and future concepts and the social response to such situations etc. Thus the project is an eye opener in the sense that it will address to furtherance of research in the field and discussion over Legalization of Gambling and its overall impact.

#### **Research Questions**

1. What is the usual motive behind gambling? Is it a mere leisurely activity or does it carry substantial returns?
2. Which of the gambling variants are hazardous to the society? What is their impact on Society and Economy?
3. Should gambling be legalized or it be dealt with the existing or even stronger legal framework?
4. What will be the impact on Economy in either of the situations?

#### **Research Methodology**

Research in the field of law is usually doctrinal research which invariably happens to depend on the study of existing scenario of a situation in Historical and present day aspects and the social and legal responses witnessed in due course of time. All the secondary data available on the given situation shall lead us to the clearer understanding of the cause for effect in the social concern thus defining the legal patterns which have

been prevalent from time to time and the amendments required therein with facts and findings in situational contexts.

Although the research in the field of economics managerial or social sciences could well be done through exploratory methods recording and analyzing the present day, first hand responses from various strata of society as primary data. But then the research becomes primarily and solely belonging to that particular segment of society under study.

Thus the descriptive or Doctrinal pattern of research has been adopted here. The existing status of the Gambling, its variants in various parts of globe with their own socio cultural values and beliefs, acceptance levels of different patterns of gambling and the legal provisions of violations and propagation of social evil have been studied.

The efficiency and the shortfalls of the legal framework considered in its place, the issue of legalization of Gambling has been discussed along with the study of its impact on economy in present-day-situations.

#### **What is Gambling?**

Gambling or gaming are the terms used synonymously these days. It includes both calculable and not calculable, risk taking, in the sense of speculation. It may not be simply a short-term risk but it does include much more. From involvement of money to property in games and using and playing it with a skill also includes gambling in common understanding, although it is not so recognized by the Indian laws. Gambling can be of any commodity which has a value, a simple bet of winning and losing in which there cannot be any gain or loss may not constitute gambling.<sup>1</sup>

Some examples of these games (never exhaustive as there are many undiscovered games and many games are being created at small scales):

Instant lotteries (and other scratch cards), Bingo, Betting on billiards or pool, Card games (poker, blackjack, etc.), Private sports betting/sports lotteries, Casino games (slot machines, roulette, Keno), Video lottery terminals, Internet gambling, Dice etc.

Another very common type of gambling is innovation. If an entrepreneur enters into a market and introduces any new product the simple meaning is that he is taking a risk and the fear of losses of the business and assumptions and greed of gains on the other hand. This could be considered one of the reasons, that, gambling in a broad sense, is not a bad thing, it is bad in a strict sense that disrupts and hampers the economic growth of the country overall.

Von-Neumann- Morgenstern - defines gambling as a probability distribution over a set of known finite outcomes. Outcomes be anything, goods, money, events etc but are certain. He used lottery and Powerball lottery<sup>2</sup> as a tool to teach this concept in his book 'Theory of Games and Economic Behaviour'.<sup>3</sup>

All that can be considered as Gambling. There could be two variants-

1. Luck Based gambling
2. Skilled Based Gambling.

Games of luck are games in which the results depend, either partially or totally, on luck. Practice does not increase a person's chances of winning, and a player's knowledge or skill has little or no control over the result. The nature of luck-based games is such that all events are unique and independent. Examples include Bingo, Roulette, the lottery and slot machines.<sup>4</sup>

Games of skill are games in which a certain level of knowledge or skill is required; the player can, at least in part, control the result of the game. Practice can make a person a better player.

For example, sports are considered games of skill (soccer, golf, billiards, etc.), as well as other games such as chess, some board games and, to a certain extent, some card games.<sup>5</sup>

The well known myth, that knowing the rules of the 'Games of Skill', can lead to higher chances of winning, is never absolute. The fact is that the gambling in itself is uncertain and it cannot be declared as conclusive of odds. Anything can happen despite all skills.<sup>6</sup>

Thus, in India, the prohibition by laws (which is not possible fully), unauthorized gambling are the games of luck. This is considered through the fact of certainty that the organizers return home after a pretty good amount of profit and only a few gamblers shall win. Certainly many of them become losers. By losing, they lose their cash and assets to the hands of winners and organizers.<sup>7</sup>

Provincial lotteries are offered, organized, and are under the direct supervision of the state or country. While there are regional and national differences, it is generally prohibited to let minors participate in any of these types of activities. Other forms of non-regulated gambling activities include skill-based games, dice, sports betting, and card games amongst peers.

There are many types of gambling that are recognized and ignored by the Indian Laws unlike the Laws of America<sup>8</sup>; those are dealt in detail later in the project.

### **Indian Scenario of Gambling**

In the words of Irish philosopher Edmund Burke, "Gambling is principally inherent in human nature. It is ubiquitous in Indian society: people bet on animal fights on streets, they make bets while playing cards and before cricket matches." While societal attitudes towards gambling have changed in the last century, with gambling now seen as a legitimate form of recreation, Indian laws have not kept pace with the time.<sup>9</sup>

While talking about Gambling, the mention of Indian Premier League is absolutely necessary. Most of the betting is made on Cricket in India. IPL happens to be a great source of gambling and speculations not at lower levels but at much higher levels than assumptions. This also happens to be the basis for match-fixing at places.<sup>10</sup>

In India the Gambling is even seasonal which takes it boom in the festive season? For example, the day before Shri Krishna Janmashtami Festival and on the Night of Deepawali gambling is considered as a ritual. Although, this can neither be

regulated nor be prohibited. Even if a law is made, it would amount to mockery of law by a large no of people of this country. Several litigations have taken place in India because of these. Games, whether in the form of gambling, or popular social or casual games, are enjoyed by people of all age groups across the globe for their entertainment value.<sup>11</sup>

In fact, gambling, irrespective of its many vices, has been a part of the Indian culture since time immemorial. Even before the six side dice was invented, Indians used the nuts of the Bibhitaki tree as dice. References to gambling can be traced to the Mahabharata, one of India's oldest mythological epics, in which the opponents were tested based on their skills at Board and Dice game, rather than through War.

Just like the city of Los Vegas in the Country of Nevada, in India we have a similar union territory 'Goa', where gambling is at peak that may be authorized, non-authorized, regulated, yet to be regulated etc. The entire territory of Goa is famous for these activities as there are a large no of foreign tourists. From Casinos on Cruises (more than 6) to Casinos on Land (Dozens of them in Hotels as well) they are allowed and permitted by the law of Goa, that is THE GOA PUBLIC GAMBLING ACT. Recently the Chief Minister of Goa said, "There is no need to undertake an amendment to the Gambling Act. In the existing Act itself there are provisions to impose restrictions on casino functioning. There are enough powers in the existing law and we are going through it". This implies that, the Government is either<sup>12</sup>

1. Scared or involved with Mafia
2. Is earning huge sums out of this.

Considering the relevance of the 2<sup>nd</sup> point here, Government can clearly be understood as 'not being unaware' of the fact, that gambling in Goa is available at every single corner of the streets, may be it near Calangute or Panjim. These cannot be regulated, and better can be ignored. But from authorized casinos they are definitely earning a lot in form to taxes and agreements. Estimate can be made from reading the provisions of Income Tax Act. As per Section 115BB of the Income Tax Act the current rate of Income on poker winnings or winnings from any such card games etc. is 30%. Whereas, As per the Finance Bill, 2013 the surcharge will be levied on the TDS deducted as per Section 194B are clearly mentioned in form of 10 crores in the Act.<sup>13</sup> There is no discrete data available on this.

The same is the scene with Sikkim, Nagaland and other cities of India.

Under a well rounded system, betting trends can at-least be tracked to an extent by the authorities. Example there are huge bets on hitting more than a century by a star player, can be given an investigation on foul play if any.<sup>14</sup> Also **Spot Fixing** can be curbed, as a bookie cannot make an agreement with all the team players, making a specific event for example, throwing of a no ball in 12<sup>th</sup> over's 3<sup>rd</sup> ball, is easy for him. So people will tend to shift from Spot fixing to huge bets, if

government can legalize betting centers in such a way that spot fixing gets affected to a great extent.<sup>15</sup>

#### **People's Involvement**

In 1944, John Von Neumann and Oskar Morgenstern in their book<sup>16</sup> defined expected utility function over lotteries or gambles. It is stated that there is an axiomatic derivation, meaning, a set of assumptions over peoples preferences is required before one can construct a utility function. In order to construct a utility function over lotteries, or gambles following assumptions are made on basis of peoples preferences. These are either totally preferring to or are indifferent in nature on the Basis of Continuity, Transitivity, Completeness, Monotonicity, Substitution, Reduction to simple gambles.<sup>17</sup>

The property of expected utility - is that keeping all the axioms hold then a utility function exists and satisfies the expected utility property. Then only an individual who chooses one gamble over another if and only if the expected utility is higher is an expected utility maximize.<sup>18</sup> It shows that when a consumer is faced with a choice of items or outcomes subject to various levels of chance, the optimal decision will be the one that maximizes the expected value of the utility (i.e., satisfaction) derived from the choice made. Expected value is the sum of the products of the various utilities and their associated probabilities. The consumer is expected to be able to rank the items or outcomes in terms of preference, but the expected value will be conditioned by their probability of occurrence.<sup>19</sup>

Status of an item may also affect the preferences There is, for example, a difference between something possessed (i.e., with certainty) and something sought out (i.e.subject to uncertainty); thus, a seller may overvalue the item being sold relative to the item's potential buyer.<sup>20</sup>

"Expected Utility Theory" has a remarkably long history, predating Adam Smith by a generation and "Marginal Utility Theory" by about a century. Bernoulli proposes that the utility function used to evaluate gambles should be a function of one's wealth, and not just current income flows. Bernoulli points out that with this utility function, people will be risk averse.<sup>21</sup> Moreover, one's willingness to pay for the poor fellow's lottery ticket depends on one's initial wealth. Moreover measuring it as a cardinal approach, it would be ineffective and it mostly depends upon the psychological taxing and is probably unreliable.<sup>22</sup>

#### **Gambling Laws in India**

Gambling under the Gambling Legislations however does typically not include (i) wagering or betting upon a horse-race/dog-race, when such wagering or betting takes place in certain circumstances, (ii) games of "mere skill" and (iii) lotteries (which is covered under Lottery Laws).<sup>23</sup>

Gambling laws differ from type to type as gambling in India is as diverse as its cultural diversity and with geographical diversity and available resources. On the Physical Gambling & Sports Betting some of the statutes are Assam Gaming and Betting Act, 1970

Bombay Prevention of Gambling Act,1887, Goa, Daman and Diu Public Gambling Act, 1976, Karnataka Police Act, 1963, Madhya Pradesh (C.P.) Public Gambling Act,1867, Madhya Bharat Gambling Act, 1949, Orissa Prevention of Gambling Act, 1955, Public Gambling Act, 1867 (applicable to Uttar Pradesh, Punjab, Delhi and Madhya Pradesh), Punjab Public Gambling Act, 1867, Sikkim Online Gaming (Regulation) Act, 2008, Tamil Nadu City Police Gaming Rules, 1949, Tamil Nadu Gaming Act, 1930,The Andhra Pradesh Gaming Act, 1974, The Andhra Pradesh Gaming Rules, 1976, The Delhi Public Gambling Act, 1955, The J. & K. Public Gambling Act, 1977, The Kerala Gambling Act, 1960,The Meghalaya Prevention of Gambling Act, 1970, The Pondicherry Gaming Act, 1965, The Rajasthan Public Gambling Ordinance, 1949, The West Bengal Gambling and Prize Competitions Act, 1957, The West Bengal Gambling Rules, 1958, Uttar Pradesh Public Gambling Act,1961.<sup>24</sup>

New Dimensions are opened after the emergence of the Internet. Gambling Laws because they were made before the introduction of internet, therefore lack in online gambling.<sup>25</sup> India is moving towards improved age and gender parity among online gamers. The majority will continue to play on mobile devices in 2021.<sup>26</sup>

The Gambling Legislations regulate casinos in India. 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.<sup>27</sup>

#### **Plan of Law Commission of India**

Law Commission of India, on 5<sup>th</sup> July 2018, has submitted a report to government with recommendation to legalise gambling and betting (in sports), that betting and gambling centres should attain a licence from game licensing authority, and all the betters and operators should be linked to their Aadhaar or Pan Cards to keep a track. LCI also recommended that a punter should be allowed to gamble only to a certain number of times as can be prescribed by the law.<sup>28</sup> (to the extent of his income and financial situations). LCI classified gambling into 2 types proper gambling and small gambling; stating small gambling group can not be allowed to place huge bets as of proper gambling.<sup>29</sup>

Commission Members disagreed, especially Prof. Dr. S. Sivakumar, on the ground that it would not be possible in a country like India and it would be a tedious job to complete.<sup>30</sup>

This seems to be an invalid excuse, even demonetization was tedious and this is a far better way to curb corruption and black money. Also if it is tedious, the government is capable of generating employment in this area. This is an era of Digital India and one of its aims is to eradicate black money (Budget 2016's Tech. Initiatives)<sup>31</sup>, when every bank transaction can be recorded why can't this be?

#### **Behaviouristic and Perception Based**

The impact on economy by legalization of gambling cannot be measured so easily, but it can be understood with the perceptions of the society. By making division of people into classes which

gambles **one can know who tends to gamble more and to what extent.** For example a teenager of rich class and teenager of poor class may not gamble more as one has so much that he might not demand more and another has no guts to risk the assets; here the person or teenager of middle class shall gamble much as he is in a perfect state to develop greed and has certain assets to risk.<sup>32</sup>

This all depends upon Age, Gender, State of Residence (Teenager of Goa compared to a Teen of M.P.), Education, Employment or unemployment, Earnings, Occupation etc.

It also depends upon the frequency of gambling. For example a businessman might not get enough time to gamble and shall do it on Sundays. Whereas, a person retired shall work on Share Markets, NCDEX etc. Although the nature of gambling is always unpredictable.<sup>33</sup>

Proper Gambling Groups and Small Gambling Groups, FDI and FOREX Management laws can be amended to attract investment.<sup>34</sup>

#### **Various Impacts on the Economy**

Global Sports Betting Market is estimated to be about worth up to \$4 Trillion by Federation of Indian Chambers of Commerce and Industry.<sup>35</sup> Mr. Siddhartha Upadhyay, Co-Chair of FICCI Sports Committee & General Secretary, stated that approx 3,00,000 crores of unregulated economic activities can be invested in welfare activities.<sup>36</sup>

The revenue of state lotteries in countries like China, touched \$51 billion in 2013 and were used for welfare activities. UK has gambling laws and they also are enjoying increased funding in sports.<sup>37</sup>

Prior to 1989, commercial casinos were legal only in Las Vegas, Nevada, and Atlantic City, New Jersey. After California v. Cabazon Band of Mission Indians 1987<sup>38</sup> and subsequent legislation of Indian Gaming Regulatory Act, 1988 the stage was set for commercial casino legalization. By 1995, commercial casinos had been legalized in eight states; thirteen states had them by 2010. Tribal casinos now operate in around 30 states.<sup>39</sup>

The impacts on economy expected after legalization of gambling could be:

#### **Enhanced Tourism**

Foreigners coming in vacation in various tourism promoting countries get attracted to casinos and gambles. Global competition helps to explain casino adoption. United States seem to legalize casinos in order to attract tourism and to keep their own gamblers in the state (defensive legalization).<sup>40</sup> Similar thing is found in Goa, tourists are the main

source of income in that Union Territory and is an easy attraction to target them.<sup>41</sup>

#### **Trade Speculation in Agriculture**

Delivery of Goods on a day and its payment later on. The people will get an idea about agricultural goods and quality and can work accordingly to maximise the optimum utilization of resources. Prices of tomatoes for example does not get stabilised due to lack of speculation in the market.

#### **To manage the Supply Chain**

For this, promotion of speculation is necessary, stabilization of market pricing and therefore investments will rise and good impact will be there on economic growth.

#### **Black Money and Taxes**

It is an easy source of tax revenues, the Black Money that flows in the economy of gambling if legalized can become taxable to the government by paying off substantial taxes as provided under the Income Tax Act and Goods and Services Tax Act, 2017. It shall improve GDP tremendously.<sup>42</sup> Indian casinos however showed reduction in tax revenue. Whether a new type of gambling will increase or decrease overall state tax revenues depends on the inter-industry gambling relationships, the relationships between gambling and non-gambling industries, the taxes applied to gambling and non-gambling industry expenditures by consumers, and possibly other factors.<sup>43</sup> Obviously the taxes generated from lotteries and casinos shall be higher than the regular taxes. This gives the notion that if all of the non-gambling expenditures are replaced by casinos and lottery revenues in a state, casino and lotteries should increase net state revenue.<sup>44</sup>

#### **Social Exploitation**

The society shall lose its morals and ethics, after legalization more and more people will start doing gambling and that shall be a problem. This is still treated as a social Stigma in India, and the future generation shall get inclined to this. - (Prof. Dr. S. Sivakumar).<sup>45</sup> Whatever economic benefits casinos provide, be it growth, additional tax revenues, or simply an additional choice of entertainment for consumers, disadvantages of legalized gambling will yet persist. In particular, about 1% of the general population is believed to be "pathological gamblers."<sup>46</sup>

Huge amount of social costs are estimated to be incurred which will exceed to be far more than the benefits through any revenue gains.<sup>47</sup> Annual Social Costs per pathological gambler are shown in the table below in US in an empirical study.

|  |       |                 |
|--|-------|-----------------|
| <b>Employment</b>  |       | <b>\$ 5,125</b> |
| missed work  | 2,364 |                 |
| productivity losses (quit jobs)                                    | 1,092 |                 |
| fired from work (productivity lost)                                | 1,582 |                 |
| unemployment compensation  | 87    |                 |
| <b>Bad Debts and Civil Court</b>                                   |       | <b>\$10,271</b> |
| bankruptcy debt loss   | 9,494 |                 |
| civil court costs (bankruptcy/debt/divorce)                        | 777   |                 |
| <b>Criminal Justice System</b>                                     |       | <b>\$ 3,809</b> |
| theft  | 3,379 |                 |
| arrests  | 95    |                 |
| trials   | 85    |                 |
| incarceration  | 80    |                 |
| probation  | 170   |                 |
| <b>Treatment and Social Services</b>                               |       | <b>\$ 506</b>   |
| treatment costs  | 372   |                 |
| welfare  | 84    |                 |
| food stamps  | 50    |                 |
| <b>Total estimated annual social cost per pathological gambler</b> |       | <b>\$19,711</b> |

Under the consideration of social cost, it is also needed to explore the relationship amongst casinos and crime. In probably each jurisdiction in which casinos are being considered there is debate over whether casinos will create or attract crime.<sup>49</sup> Measurement problem in cost-benefit analysis shall always prevail.

#### **Disguise of the Working Class**

People will think it as an easy way to earn and will hamper themselves into such valueless activities. Poor will be left poorer, as mostly middle class tends to involve into gambling than rich and poor.

Reason being poor class does not has so much that it can risk upon and higher classes have so much that they do not need to speculate (except from fun) to get an expected utility.

#### **Innovation**

Gambling is not limited to just games involving monetary value on winning and losing, anything that involves risk includes gambling E.g: if a person enters into a market with a new product to sell, he is risking the product and his money in order to assume a gain in the market. If Gambling is stopped it shall hamper the growth and development.

#### **Rules and Discipline in Gambling<sup>50</sup>**

Being a game of chance if the game gets disturbed, and if a fraud is committed into the games, shall make a person lose and set the psyche to make him invest more and more in the game and until his mindset comes to the saturation level he shall by fraudulent means lose his money. This is utmost necessary; it can curb crimes as there will be a uniform set of rules. If gambling rules are made then, at least there is a slightest possibility that people will try to overcome this addiction.

#### **Psychological Issues**

'Pathological Gambling' itself is a big psychological issue in the people who gamble. They tend to worry, generate stress, get anxious and develop certain ailments which are not evident in

non-gamblers. Thus they shall not be able to concentrate on their personal work. In all, it will create substantial problems for the country if the working class reduces its productivity, the per capita income shall tend to decline.<sup>51</sup>

#### **Speculation and Investment**

Speculators give advice on PPP of a commodity. The complimentary services and goods shall tend to rise in opportunity. If gambling gets legalized, no one will be able to mislead the sectors of economy. A mere statement by any speculator makes the lay population of the country incline towards the trend once created and a large chunk of investment is carried in that area where it is indirectly directed.<sup>52</sup>

#### **Quicksand**

Young-Teen age is the best age to spoil any person's life and change their mindset towards things. India being the country with most young adults should take care of the youngsters. Be it online gambling or a traditional one, teenagers once involved into it shall be hard to bring them out of this quicksand. Further this all leads to delinquency, drug addiction and certain other ailments prohibited by law which are spoiling the youth of the country and in long term affects the GDP.<sup>53</sup>

The greed, faith on luck and contribution of the gambling industry actively promotes the picture of gambling as glamorous entertainment, and as a means of achieving financial freedom. Adolescents are particularly attracted by the excitement and the prestige often associated with gambling, especially with the popularization of poker. Furthermore, most adolescents remain unaware of the risks associated with excessive gambling participation.<sup>54</sup> Same goes with the Adults who are now the victims of Pathological Gambling, they incur debt; then to recover debt, they gamble more and get more debt.<sup>55</sup> Thus this repetition continues in the form of vicious circle.

**Conclusion**

The reasons to look at legalizing and regulating gambling are manifold. Firstly, gambling is universally happening in massive volumes. Law enforcement authorities are not able to control it. Gambling and betting is mostly done surreptitiously, and is said to be controlled by underworld syndicates who may use the unaccounted money earned from gambling activities for nefarious activities like terror financing. Legalizing the activity will not only help curtail an important source of black money that is used by criminal syndicates, but also bring massive revenue to the state exchequer, which can be used for various constructive social schemes.

There is a dearth of empirical studies on this topic and thus, secondary data is lacking, in India. Therefore all the impacts stated are based on studies of foreign countries. The estimates about the size of the gambling market in India vary, with a 2010 KPMG report suggesting that it could be \$60 billion, while other, more recent, studies peg the value at a higher number. Even a conservative estimate suggests that the government could earn tens of thousands of crores as tax revenue by legalizing sports betting. Additionally, if online gambling and casinos are also permitted, the estimated tax revenue would be much higher.<sup>56</sup>

In addition to revenue generation, a legal and regulated gambling sector will also help in creating large-scale employment opportunities. Globally, wherever gambling is regulated, it has created a massive avenue for employment generation. For instance, the regulated gambling industry in the U.S. employs over 2.5 lakh people, while over 1 lakh individuals are employed in this sector in the U.K.<sup>57</sup>

Naysayers say that gambling is not morally correct in the Indian context. They suggest that it is responsible for addiction, loss of livelihoods and bankruptcy. These concerns are unfounded. Gambling has been prevalent in society since ancient times and has been accepted as a form of recreation on various social occasions. As regards the concerns about betting and gambling leading to addiction and bankruptcy, it must be noted that even though gambling is largely illegal, it is still rampant and unchecked. There are numerous instances of people losing their livelihoods and committing suicide due to unchecked gambling even today, with authorities turning a blind eye to the problem.

A robust regulatory framework governing the gaming sector will ensure that people do not fall prey to the excesses of gambling. Awareness campaigns should educate people about the perils of excessive gambling; minors, habitual gamblers and vulnerable sections should be excluded from having access to gaming facilities; and limits must be imposed on the amounts that can be wagered, based on a person's financial capabilities.

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    - ii. Every company other than a domestic company at the rate of two per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees but does not exceed ten crore rupees ;
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