



BETTING AND SPECULATION IN SPORTS : LEGAL AND SOCIAL ASPECTS

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Abstract

This paper refers to the Legalization of betting in sports and the impact of legal betting and speculation. Author has covered briefly that how regulation of betting would help reducing the corruption in the sports world and author cited how it would help generating good revenue for the government of that particular country. Along with all there are few other aspects of the betting being discussed in the following paper.

1. INTRODUCTION

Sports' gambling, especially cyberspace sports gambling, is a flourishing industry even during these lean economic times. Technology continues to advance at a rapid pace—Congress and the federal government also need to approach and embrace the modern world. Presently, the federal



government regulates gambling as if we live in the world as it was between 1976 and 1990. Those dates are important in this context because the states that did not legalize sports gambling during that period are now barred from engaging in it because of the Professional Amateur Sports Protection Act of 1992 (PASPA). [1] PASPA makes it illegal to bet on professional and amateur athletics. [2] Four states, Nevada, Oregon, Montana, and Delaware, were grandfathered in as exceptions because they had some form of sports betting at the time of enactment. [3] The Federal Wire Act (“Wire Act”) prohibits the use of wire communications in betting on a sporting event. [4] The Act is likely to be construed as applying to Internet sports betting because the Internet involves some form of wire communication. [5] In combination, PASPA and the Wire Act amount to what appears to be a total prohibition on Internet sports betting.

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 survey¹ was also conducted.

Betting Revenue in India	Rs. 300,000 crores
Possible Tax Rate	20% of Profit



Revenue to the Government	Rs. 12000 crores to 19000 crores
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2. Is betting really illegal or not?

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.

3. Disputes in betting Legalization:

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.

4. Three overtures 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.

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

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

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

5. International precedents: Dealing with Sports betting

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 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	Most jurisdictions in Europe-Denmark, Italy, France, Spain (Including UK) and most states within



	licensed and taxed in the jurisdiction.	America.
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6. Profits of ordinances 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.

6.1. Reduction 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.

6.2. 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.

6.3. 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.

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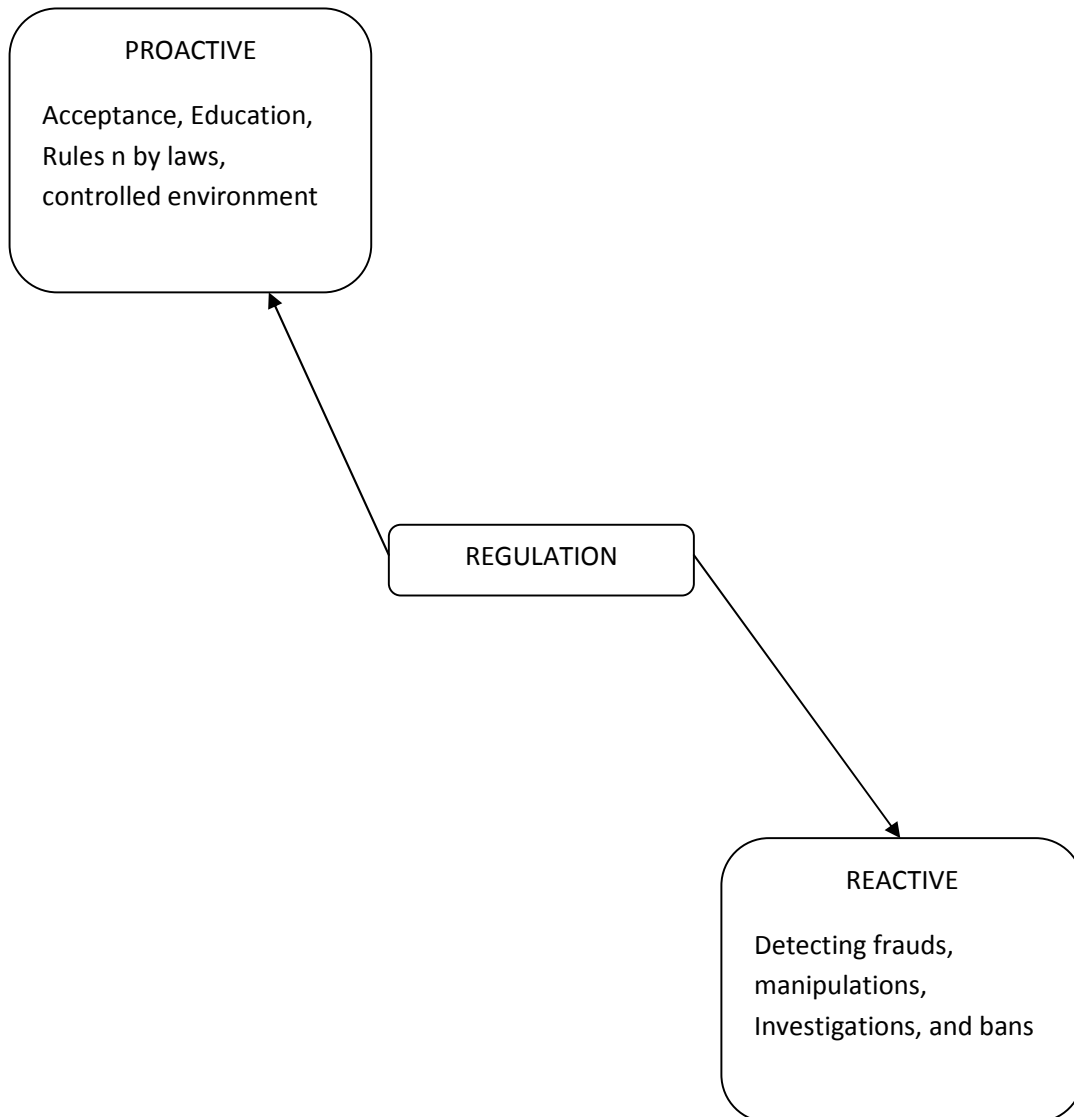


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7. Important Advantages of Regulation:

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.

Conclusion:

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.



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.

References:

1. Professional and Amateur Sports Protection Act, 28 U.S.C. §§ 3701–3704 (2006).
2. Id. § 3702.
3. Id. § 3704. Although not explicitly enumerated, the grandfather exception applied to states that had sports betting schemes between January 1, 1976 and August 31, 1990.
4. Federal Wire Act, 18 U.S.C. § 1084 (2006).
5. See *United States v. Cohen*, 260 F.3d 68, 74–75 (2d Cir. 2001).
6. Sports Wagering, AM. GAMING ASS'N, <http://www.americangaming.org/industry-resources/research/fact-sheets/sports-wagering> (last visited Oct. 23, 2012).