REGULATION OF GAMBLING IN INDIA: A WAY FORWARD IN THE DIRECTION OF RESPONSIBLE AND SUSTAINABLE GAMBLING

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ABSTRACT

This research paper explores the complex and multifaceted issue of gambling regulation in India. It begins by establishing the need and significance of gambling legislations, followed by a historical overview of gambling and its legislation during the periods of Ancient India, Mauryan Empire and British Rule. The paper then delves into the contemporary period, examining prohibitory, permissive, and regulatory legislations. A comprehensive cost-benefit analysis of the three types of legislations i.e. permissive legislation, regulatory legislation and prohibitory legislation is conducted to understand their implications.

The study further investigates the regulation of gambling through legislations, formal and informal education, and the introduction of concepts such as Gambling-worthiness and Gamble scoring. Gambling is seen with a taboo primarily because of two reasons, firstly it hampers the economic stability of the individual & subsequently its family and secondly it creates addiction. Both of these psychological & economic issues can be dealt by GIBIL and the concept of Gambling-worthiness and gamble scoring. It will help in identifying problem gamblers and pathological gamblers, curbing loan sharking and protecting vulnerable section of society. It also examines the economic repercussions of regulatory legislations on gambling. The paper concludes with an analysis of the current situation and offers policy suggestions for regulation at the production, consumption, and market levels. The implications of these policies are also discussed, providing a holistic view of the gambling landscape in India. This paper aims to contribute to the discourse on gambling

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regulation and provide insights for policymakers, educators, and stakeholders in the gambling industry.

1. INTRODUCTION

"न चाकामः शकुनिना देविताहं न चेन्मां धृष्णुराह्वयिता सभायाम् ।

आहूतोऽहं न निवर्ते कदाचित्तदाहितं शाश्वतं वै व्रतं मे ॥ १६ ॥" (Mahabharata, Sabhaparva 58, 16)

"I am unwilling to gamble. I will not do it unless the wicked Shakuni does not

challenge me in the Sabha. If, however he challenges me, I will never refuse. This

is my settled and eternal vow." (Dutt, 2018)

'It is my *Vrata* that I shall not refuse to play with dice when I am called upon to do so.' These were the words of *Yudhishthira* when *Vidura* communicated the invitation of gambling to him. The concept of kingship in human society derived its roots from the concept of king of forest. In a 'pride' if any member challenges the king, then king has to accept the challenge for proving that he is the one who is suitable for the position of king not the challenger. This code of conduct of lions made the basis of the code of conduct of *Kshatriya's* chivalry and morality (Kane, 1946). Thus, a king should not be afraid to fight in a war or play with dice when someone challenges him. This notion explains the prevalence of gambling in the ruling class of society however in the subordinate class of society its prevalence relates to entertainment, employment, edacity and other socio-economic factors. To deal with this prevalence of gambling ancient Indian scriptures like *Smritis* and *Puranas* suggested regulation in place of prohibition (Jois, 2018). *Katyayan Smriti* and *Yagnyavalkya Smriti* provides a course of action for the regulation of practice of gambling by establishing the licensed gambling halls and appointing a gambling supervisor who were known as *Sabhika* and had a duty to collect tax, apprehend thieves and resolve disputes with the help of special judges. *Sabhika* also had right to protection from ruffians and to recovery of amount from loser (Jois, 2018). Therefore, in ancient India gambling was permissible for the ruling class of society based on the political pretexts and regulated for the subordinate class of society based on the socio-economic pretexts.

During the reign of *Chandragupta Maurya, Kautilya* wrote '*Arthshastra'* on the political economy of Magadha in which he discussed various aspects of social life that influence the politics and economy of state and which themselves get influenced from the politics and economy of state. In Section 74 of Chapter 20 of *Arthshsatra, Kautilya* defined gambling as, "*wagering with inanimate objects like dice*" and betting as, *"something that involved challenges of cock fights, animal races and similar contests"* (Rangrajan, 1992). He referred to the term challenges for the events involved only the 'game of chance' and not the 'game of skills' which is concerned either with learning or

with art (Kangle, 2014). In Section 75, rights and liabilities of master of gambling halls were defined along with the punishments for committing fraud, cheating, theft etc. Therefore, in the period of Mauryan empire also the practice of gambling was regulated through various forms of fines and penalties (Kangle, 2014).

During the British rule, public gambling and common gaming houses were penalized under Public Gambling Act, 1867. However, under Section 12 of the Act, exemption was provided to the games of mere skill. Thus, in the British period also gambling was regulated by prohibiting its game of chance and public practice (Public Gambling Act,1867) and permitting its game of skill (Public Gambling Act,1867) and private practice aspect. In the contemporary Indian society with the advent of digitalization, gambling has also shifted from offline to online mode that has amplified its presence multifold, which is adversely affecting people belonging to vulnerable section of society (Kulkarni, 2024;Basheer, 2024;Rajasekaran, 2023). However, government is currently focusing only on generating revenue by imposing taxes on it (ET, 2024). It is the duty of a state to protect its citizens and maintain social order (India Const. art. 38) but when to comes gambling, absence of comprehensive framework for regulation of gambling and problem gamblers, shows the negligence on part of state. Gambling ruins the life of loser in the short run and winner in the long run. It has negative social implications for society but positive economic implications for the state. Therefore, it is crucial to analyze socio-economic conditions through cost-benefit analysis in accordance with constitutional principles before formulating any legislative framework that governs gambling (Law Commission of India, Rep No. 276, 2018). Furthermore, for making this legislative framework responsible and sustainable, use of smart power which is the combination of both soft power in form of formal & informal education and hard power in form of legislation(s) & concept of gambling worthiness is the need of the hour.

2. OVERVIEW OF GAMBLING

According to the Constitution of India gambling comes under the Entry 34 of List II of Seventh Schedule on which states exercises the right to legislate. Therefore, there is no central legislation regarding gambling which governs the whole Indian territory. Some states have made their own legislations while some still follows Public Gambling Act, 1867. In Black's Law Dictionary, gambling is defined as "The act of risking something of value for a chance to win a prize" (Black's Law Dictionary, 2004) while according to Section 65-B (15) of Finance Act, 1994 gambling means "putting on stake something of value, particularly money, with consciousness of risk and hope of

gain on the outcome of a game or a contest, whose result may be determined by chance or accident, or on the likelihood of anything occurring or not occurring." In Financial Bill (2023), two amendments were proposed for taxing the income generated from gambling and its other types & forms which includes betting, casinos, gaming machines, keno, lottery, online gambling, wagering and minor gaming like bingo & housie. The forms and methods of gambling have evolved over the period of time but in India the legality of gambling is yet determined by the factor of 'game of skill' and 'game of chance' which is known as 'Skill Test' (State of Bombay v. R. M. D. Chamarbaugwala, 1957). The complexity in deciding whether an activity will come under the umbrella of gambling or not, is not only because of various types of gambling but also because of various types of gamblers which includes Problem gamblers, Pathological gamblers, Social gamblers, Professional gamblers etc. Problem gambler is an individual for whom gambling is become an addiction and he or she lost control over his or her gambling behavior (Calado & Griffiths, 2016). Pathological gambler is an individual for whom money is both the cause and solution of their problem (American Psychiatric Association, 1995). Social gambler is an individual who is involved in gambling with his or her friends occasionally while Professional gambler is an individual who disciplined himself or herself in gambling and takes calculated risks only (Drabsch, 2003). For the simplification of above-mentioned complexities of gambling many committees and commissions were setup from time to time like 'Justice Mudgal IPL Probe Committee' (Mudgal Committee, 2014), 'Report of the Supreme Court Committee on Reforms in Cricket' (Lodha Committee, 2015), National Indian Gaming Commission and the recent most 21st Law Commission of India's 'Legal Framework: Gambling and Sports Betting Including in Cricket in India' (Law Commission of India, Rep No. 276, 2018) for probing into matters of illegal activities and gauzing the status of gambling in society through taking responses of the respective stakeholders from society and conducting doctrinal & non-doctrinal research, along with giving their recommendations for policy making and bringing reforms in society.

3. NEED AND SIGNIFICANCE OF EFFICIENT LEGISLATIONS OF GAMBLING

The practice of gambling can be considered as old as mankind (Law Commission of India, 2018), earlier it was just a medium of entertainment and pastime just like today's minor gaming Bingo & Housie but later when it became medium of livelihood and earning huge with little investment just like today's wagering, it got corrupted as a consequence of materialism. With the passage of time, due to advancement in technology and increased standard of living, evolution of practice of

gambling can be comprehended in its various types and forms. These types and forms of gambling led to numerous socio-economic repercussions like Loan Sharking, parallel economy of black money, increased number of organized crime and connecting crime etc. which can make a developing and flourishing nation socio-economically weak and will act as an impediment in the development of a state. Therefore, at the present time there is a pressing need for a mechanism which can curb the above-mentioned socio-economic repercussions of gambling by curbing the various existing forms & types of gambling and the practice of gambling itself. In the current political system, be it democracy or autocracy this can only be done through the law-making process which can make permissive legislation or regulatory legislation or prohibitory legislation in accordance with the socio-economic ambience and needs of a particular nation; because as shown in Graph 1, the marginal social cost will be less than marginal social benefit up to point E* but after this point marginal social cost will be more than marginal social benefit. Thus, there is a need to strike a balance between the 1st and 2nd half through cost-benefit analysis of all the three types of legislations.

Assumptions

a.   The law of diminishing marginal utility is applicable to marginal social benefits.
b.   When there is equilibrium in incremental change then there will be equilibrium in total.
c.   Other factors like human nature, economy of a country etc. are taken as constant.
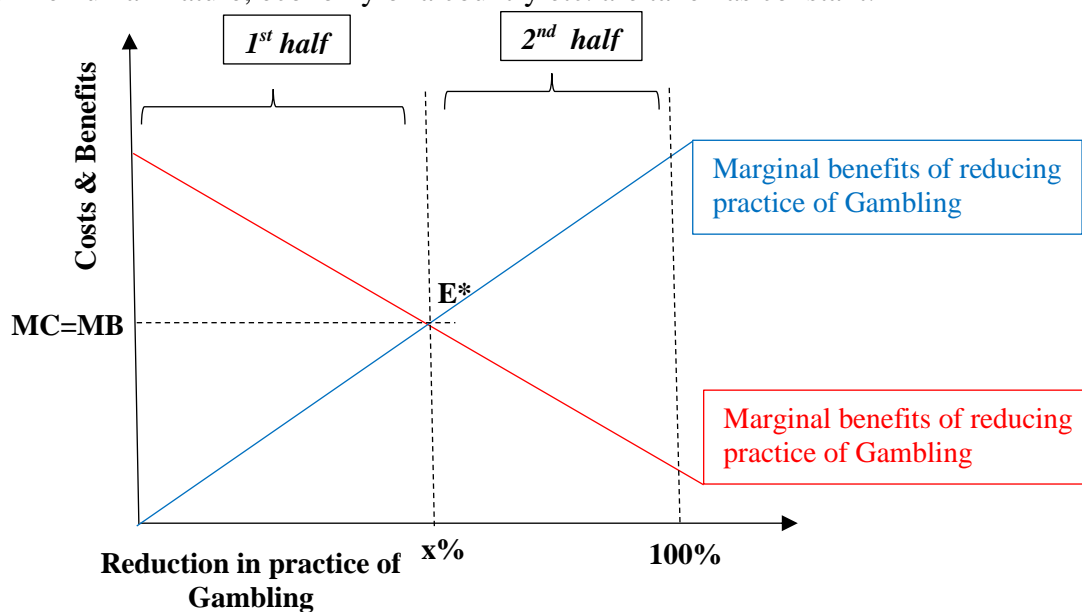
Graph 1: Socially optimal amount of gambling reduction effort
Source: Author's own construction also refer to (Cooter & Ulen, 6th ed., pp. 23)

4. RESEARCH METHODOLOGY

This analysis is based on qualitative reasoning, theoretical frameworks, and logical deductions. The study is primarily an outcome of doctrinal research and does not rely on first-hand empirical data. This study adopts the principles of cost-benefit analysis as an approach, focusing on identifying and evaluating the potential costs and benefits of prohibitory, permissive and regulative legislations for gambling. The analysis considers direct and indirect impacts within economic, social, and legal domains, grounded in qualitative reasoning and theoretical assumptions.

The analysis draws upon secondary sources, including peer-reviewed articles, policy documents, law commission reports. These sources provide a comprehensive understanding of prohibitory, permissive and regulative legislations, and their potential impacts, forming the basis for the conceptual evaluation. Furthermore, the study assumes that the identified costs and benefits are representative of the broader implications of prohibitory, permissive and regulative legislations. However, the absence of empirical data introduces limitations, such as the inability to quantify impacts precisely or validate theoretical assumptions through observed outcomes.

5. LEGISLATIONS OF GAMBLING IN THE CONTEMPORARY PERIOD

Legislations can be classified on the basis of their functions into three categories as permissive legislation, regulatory legislation and prohibitory legislation.

i. Prohibitory legislation(s)

Prohibitory legislation(s) are those legislation(s) whose primary aim is to prohibit the act, activities and conduct mentioned in the legislation and create a deterrence in the society so that there will be a complete blanket ban on that act or activity. As gambling is *malum in se,* various authorities in timeframes tried to shift the gambling from the category of *malum in se* to the category of *malum in prohibitum.* For example, when Britishers governed the colonial India they brought 'Public Gambling Act (1867)' in which they criminalize the act of public gambling and brought various provisions for the punishments but after the Government of India Act (1935) this law ceased to be a central legislation which is applicable on the whole country because after this act the law-making power was transferred to the states of India; likewise, when India got freedom, it included Article 302 and Article 304 in the Constitution of India to put restrictions on the trade, commerce and intercourse of any activity which goes against public interest through parliament and state legislature respectively; Also, Doctrine of *res extra commercium* (Harshit, 2022) introduced by

Supreme Court in the case of *State of Bombay v. R. M. D. Chamarbaugwala* (State of Bombay v. R. M. D. Chamarbaugwala, 1957) in India to exclude the practice of gambling from the purview of trade and profession from Article 301 and Article 19(1)(g); Similarly "Goa, Daman and Diu Public Gambling Act (1976)" also puts a complete ban on practice of gambling and betting based on chance in the Goa state and Union territory Daman & Diu; Also "Foreign Exchange Management Act (1999)" and "Foreign Exchange Management (current account transaction) Act (2000)" prohibits the remittance of income earned from any form of gambling. Above-mentioned prohibitory legislations were the steps taken by the authorities who were in the power to prohibit gambling through one way or the other way around.

ii.   Permissive legislation(s)

Permissive legislation(s) are those legislation(s) whose primary aim is to permit the act, activities and conduct mentioned in the legislation and provide an incentive so that act or activity will be promoted in society for the welfare of country in one way or other way round. For example, "Section 115BB and Section 194B of Income Tax Act (1961)" imposes tax and TDS on revenue generated from the legalized gambling activities; likewise, "Section 2 (1)(sa) Prevention of Money Laundering (Amendment) Act (2013)" included games of chances and casinos in the definition of designated profession and business; Also, in the Finance Bill (2024) it was a proposed amendment in the Income Tax Act, 1961 to include online gambling for imposition of tax and TDS. All these acts and amendment do not make gambling directly legal in India, but they are permitted, and tax is imposed on them for revenue generation.

iii.   Regulatory legislation(s)

Regulatory legislation(s) are those legislation(s) whose primary aim is to regulate the act, activities and conduct mentioned in the legislation and create a deterrence in the society so that the act or activity will occur in a balanced and controlled manner. For example, "Goa, Daman and Diu Public Gambling (Amendment) Act (1992)" which is an amendment in the "Goa, Daman and Diu Public Gambling Act (1976)" after which licensed casinos and game of chance got permitted in Goa and Daman & Diu; Also, in Section 30 of Indian Contract Act (1872) which reads as "Agreements by way of wager is void and unenforceable" but it is not prohibited by law hence it cannot be termed as illegal (Gherulal Parakh v. Mahadeodas Maiya & Ors., 1959); Furthermore, "Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations

(2017)" and Consolidated Foreign Direct Policy (2017) has regulated and prohibited the foreign investments and foreign technology in the acts and activities related to gambling through clause 5.1(a) and 5.1(b). (Law Commission of India, 2018).

6. COST-BENEFIT ANALYSIS

i. *Prohibitory gambling legislations*

Costs	Benefits
Loss of revenue and jobs	Reduced crime rate
Increased hidden gambling	Vulnerable section of society will be protected
Reduced GDP, monetary and fiscal benefits	Instances of loan sharking will decrease
Reduced welfare schemes	
Increased surveillance cost	
Expenditures of prohibitory authority	

*Table 1: Costs and Benefits associated with Prohibitory Gambling Legislations*

Analysis

This type of legislation is not beneficial especially in case of online gambling (Law Commission of India, 2018) and addicts but it could be beneficial for the non-addicts because for addicts the demand of involvement in practice of gambling is inelastic just like the demand of an essential commodity and for non-addicts the demand of involvement in practice of gambling is elastic just like the demand of a luxury commodity (Cooter & Ulen, 2016). As shown in Graph 2 For addicts the difference of $P_2 - P_1$ will be greater than $X_2 - X_1$ while for non-addicts the difference of $P_2 - P_1$ will be smaller than $X_2 - X_1$. Thus, the deterrence created by prohibitory gambling legislation(s) would be efficient for non-addicted gamblers, but it will not be efficient for addicted gamblers.

Assumptions

a. This curve of Expected punishment v. practice of gambling will follow the 1st law of deterrence.

b. Non-addicted gamblers are rational, and they can be influenced by positive or Negative incentives.

c. Addicted gamblers are assumed to have a lesser rationality, and they cannot be influenced by positive or negative incentives.
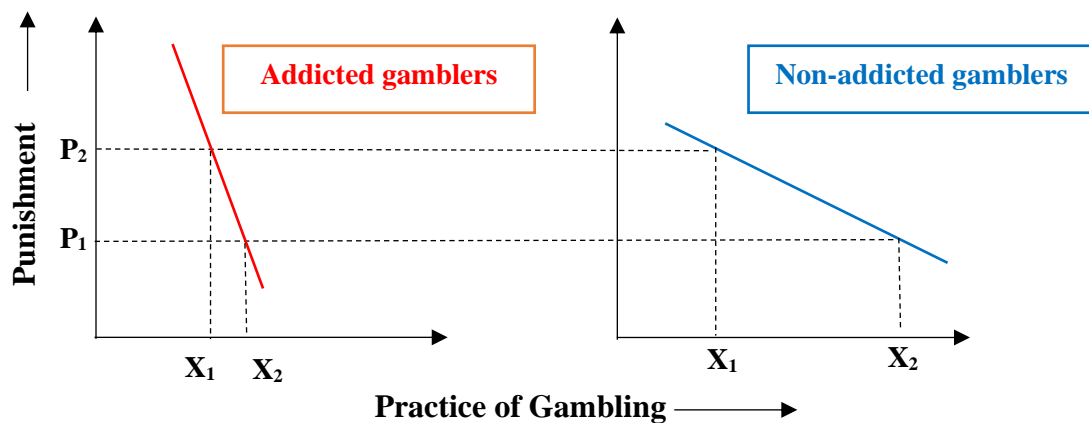
Graph 2: Expected punishment versus practice of gambling curve

Source: Author's own construction also refer to (Cooter & Ulen, 6th ed., pp. 518)

ii.   Permissive gambling legislation

Costs	Benefits
Crime rate will increase	Revenue & employment generation
Vulnerable section of society will not be protected	Reduced hidden gambling
Number of addicted gamblers will increase	Increased GDP
Parallel economy of black money will be enhanced	
Instances of loan sharking will increase	
Economic disparity in society will be created	

Table 2: Costs and Benefits associated with Permissive Gambling Legislations

Analysis

This type of legislation on the one hand might be helpful during economic recession (Wilkinson, 1996) for the purpose of revenue collection but on the other hand it will increase the probability of transmutation of non-addicted gamblers into addicted gamblers. As shown in Graph 3 & 4, the

steepness of the curve of expected punishment versus practice of gambling for non-addicted gamblers increased because of the increased supply of offence which is the consequence of less or no punishment (Cooter & Ulen, 2016). Thus, the permissive gambling legislation(s) would be beneficial for short run but in long run it will give rise to the devastating aftermaths which will require huge amount of social cost to internalize the externalities it had created.

Assumptions

a. This curve of Expected punishment v. practice of gambling will follow the law of demand and 1st law of deterrence.

b. Non-addicted gamblers are rational, and they can be moved with Positive or negative incentives.

c. Addicted gamblers are irrational, and they cannot be moved with positive or negative incentives.
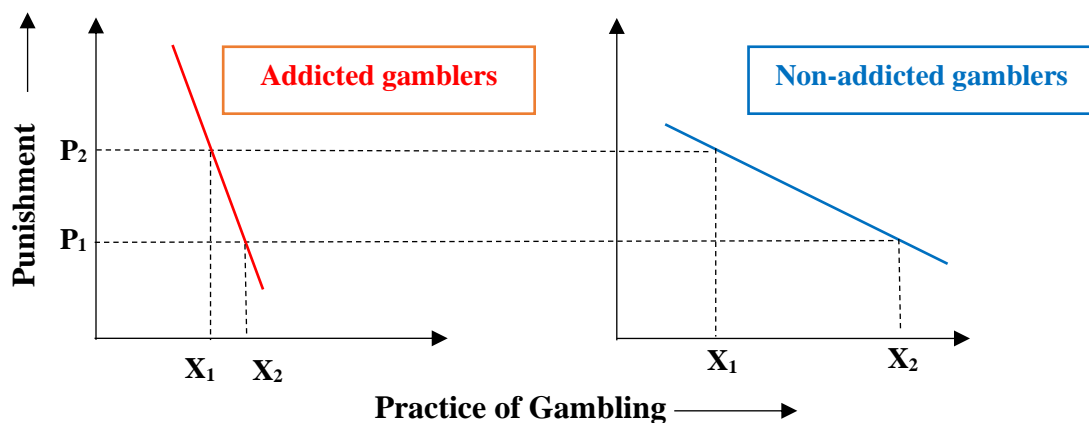
Graph 3: Before implementation of permissive gambling legislation(s)

Source: Author's own construction also refer to (Cooter & Ulen, 6th ed., pp. 518)
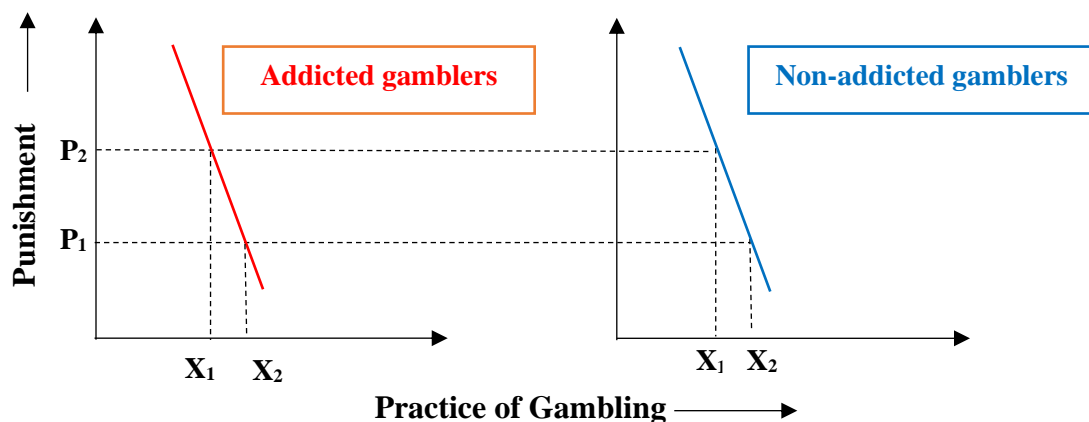
Graph 4: After implementation of permissive gambling legislation(s)

Source: Author's own construction also refer to (Cooter & Ulen, 6th ed., pp. 518)

iii.   *Regulatory gambling legislations*

Costs	Benefits
Increased surveillance cost	Revenue generation
Need of more human resource	Employment & job creation
Expenditures of regulatory authority and technological advancements	Increase transparency in market & reduced hidden gambling
	Decreased per capita tax
	Increased GDP
	More welfare schemes
	Vulnerable section of society will be protected
	Source of pleasure
	Entertainment industry & tourism will flourish
	Instances of loan sharking will decrease
	Connecting and organized crimes will reduce along with reduced crime rate

	Curbed parallel economy of black money
	Surveillance of habitual offenders

Table 3: Costs and Benefits associated with Regulatory Gambling Legislations

a. Analysis

Prohibitory legislation(s) is not efficacious for addicted gamblers while permissive legislation(s) leads to devastating effects on non-addicted gamblers. Therefore, none of them is suitable for governing the practice of gambling neither socially nor economically. But, as shown in Table 1, 2 & 3 regulatory legislation(s) provides a middle path between prohibitory and permissive legislation(s) for the governance of practice of gambling by internalizing the cost factors of both prohibitory and permissive legislation(s) in its benefit factors. Thus, regulatory gambling legislation will be efficacious for both addicted and non-addicted gamblers, and is beneficial from the viewpoint of present and future socio-economic aspect.

7. REGULATION OF GAMBLING

i. *Introduction of the concept of Gambling-worthiness and Gamble scoring*

There is a concept called creditworthiness in banking finance which describes the credit-related activities of individuals and organizations. This concept is used by banks and other lenders to assess the ability of applicant to repay the credit (Broecker, 1990). In India, this creditworthiness of an applicant is rated by credit bureaus like TransUnion CIBIL (Credit Information Bureau India Limited), Experian, Equifex and CRIF (Centre for Research in International Finance) High Mark as per the Credit Information Company (Regulation) Act (2005). These credit bureaus use credit scoring to define the creditworthiness of the applicants on a scale. "Credit scoring is a statistical technology that quantifies the credit risk posed by a prospective or current borrower. Credit scores seek to rank order individuals by their credit risk so that those with poorer scores are expected to perform worse on their credit obligations than those with better scores." (Avery, Brevoort & Canner, 2009). The credit score is based on several factors like length of credit history, credit utilization, payment history, types of credit used and amounts owed etc. (Board of Governors of the Federal Reserve System, 2007). Currently, the concept of creditworthiness and credit scoring is used for various purpose like fraud detection, loan pricing, prescreening and account marketing,

estimating loss in event of default and estimating account profitability (Board of Governors of the Federal Reserve System, 2007).

Parallel to the concept of creditworthiness and credit scoring, a concept of Gambling-worthiness and gamble scoring can be innovated to regulate gambling and inculcating the culture of responsible gambling. The concept of Gambling-worthiness can be used to describe the gambling-related activities of individuals and organizations. This concept can be used by government agency to map out the gambling activeness of various gamblers and categorize them on the basis of their psychological and economic conditions. In India, this Gambling-worthiness of a gambler can be rated by establishing gambling regulating and monitoring bureaus like GIBIL (Gambling Information Bureau India Limited), through the Gambling Information Regulation Act which can be drafted by drawing parallels from Credit Information Company (Regulation) Act (2005) and its subsequent regulations. These gambling bureaus can use gamble scoring to define the Gambling-worthiness of the applicants on a scale. Gamble scoring will be a statistical technology that will quantify the psychological and economical risk posed by a prospective or current gambler. Gamble scores seek to classify individuals by their psychological and economical risk such that those with poorer scores are expected to perform worse on their psychological and economic conditions than those with better scores. The gamble scoring model can also be based on several factors like indebtedness, gambling history, loan sharking, income, credit utilization (Avery, Brevoort & Canner, 2009), credit score and age etc. The gamble score will be directly proportional to the factors like income, age, credit score and credit utilization because these will be the mitigating factors which enhances the capacity and capability of a person to involve in responsible gambling. The gambling score will be inversely proportional to factors like indebtedness, gambling history and instances of loan sharking because these will be the aggravating factors which reduce the capacity and capability of a person to engage in responsible gambling.

Gambling is seen with a taboo primarily because of two reasons, firstly it hampers the economic stability of the individual & subsequently its family and secondly it creates addiction. Both of these psychological & economic issues can be dealt by GIBIL and the concept of Gambling-worthiness and gamble scoring. It will help in identifying problem gamblers and pathological gamblers, curbing loan sharking and protecting vulnerable section of society.

ii.   Legislations

It is one of the most important and precise driving forces for regulating an act or activity when everyone is living in a political state where there is a rule of law rather than the state of nature. In case of gambling focus on regulatory laws in place of prohibitory or permissive laws will be beneficial society at present because prohibitory laws will give upthrust to the gambling activities in dark and also after prohibition a source a revenue will drop resulting in an adverse on GDP, inturn leading to lesser investment by government in welfare schemes. The permissive laws on the contrary will give upthrust to the involvement of majority of population in which major chunk will be of vulnerable & poor people and minors, which will increase the crime rate and the number of cases of fraud, deceit and theft. Thus, in lieu of choosing any extreme path of prohibitory or permissive legislation a middle path of regulatory legislation will be socio-economically beneficial because through regulatory legislations the problem raised by the prohibitory legislation can be tackled by imposition of tax which is equal to the amount that can internalize the externalities created by a particular legalized gambling, also another problem of gambling activities in dark will be resolved up to an extent; also the problem raised by permissive legislation can be tackled by fixing the minimum age for gambling according to the "Indian Majority Act (1875)" along with fixing minimum income of gambler and fixing maximum limits of gambling. Furthermore, putting higher compulsory corporate social responsibilities on the companies and agencies involved in gambling for internalizing the externalities; establishment of a separate regulatory authority for licensing, reviewing, inspecting gambling will enhance the efficiency of regulatory legislations; a clear-cut clarification of penalties and punishments will enhance the efficiency of deterrence and adjudication procedure. Further, if all the gambling related transactions will be bound to happen digitally then it will help in the surveillance of various types of gamblers and criminals. Draft Bills like "Prevention of Sporting Fraud Bill (2013)" and bills like "The National Sports Ethics Commission Bill (2016)" and Finance Bill (2023) are the steps taken by the respective authorities in the direction of regulating acts and activities of gambling. Some state legislations which were enacted by various states of India includes, Bombay Prevention of Gambling Act (1887), Tamil Nadu Gambling Act (1930), Rajasthan Public Gambling Ordinance (1949), Meghalaya Prevention of Gambling Act (1970), Telangana Gaming Act (1974), Tamil Nadu Prize Schemes (Prohibition) Act (1979), Sikkim Online Gambling (Regulation) Act (2008), Nagaland Prohibition of Gambling and Promotion and Regulation of Online Games of Skill Act (2015), Sikkim Casinos (Control &

Tax) Act (2022), Tamil Nadu Prohibition of Online Gambling and Regulation of Online Games Act (2022).

iii. *Formal & Informal Education*

Formal education is the education that an individual gets from school by sitting in the class and attending the classes and lectures. It will act as a mode of communication which help in the transmission of the legislations and their legal provisions from Legislative, Executive and Judiciary to the public at large just like fundamental rights and duties are conveyed through books of political science etc. Along with this it will also help in conveying an analysis method which is known as Cost-benefit Analysis that can help an individual to quantify his or her decision in terms of pros and cons and then taking a decision regarding any policy or legislation of government about whether he or she should accept it or oppose it?

As it is commonly said that only legislation can't bring a quantum jump in society alone, a change from within the individual is required for bringing a change in society especially in the cases of activities like Gambling which also require a considerable amount of self-regulation. It can only be done with the help of informal education which an individual gets from his or her grandparents through stories. These long stories have very short morals which got imprinted in the memory of an individual in his or her childhood like "Honesty is the best policy", "Unity is strength" and many more. When it came to the application-based moral values, informal education will always have an upper edge over formal education because the latter can only help an individual in mugging up the sentences and their bookish meaning, but informal education helps an individual in learning the actual and real sense of moral values through experience. And once an individual learns something from his or her experience then he or she will never forget that thing even subconsciously. Thus, for bringing a radicle change in society regarding the perception of gambling whether it is good or bad? a spotlight focus will be needed on the Informal education along with the formal education.

8. IMPLICATIONS OF REGULATORY LEGISLATIONS OF GAMBLING ON ECONOMY

Law regulates the economic activities in a nation or society, and economy regulates the legal provisions of a nation or society. Thus, it can be inferred that law and economics share a common pool of symbiotic relationship according to which change in one will automatically bring changes in the other; and for bringing an artificial change in one there will be a need of bringing a change

in other likewise. Therefore, for bringing a change in the economy of a nation or society one should have characteristics of both '*homo economicus*' and '*leglis homo*', so that the change will have concurrence among past, present and future socio-economic conditions of a nation or society. Regulatory legislation is one of the changes that balances the approach of both '*homo economicus*' & '*leglis homo*', and tries to hit the issue from both ends of law and economy. In the matter of gambling likewise, regulatory legislations will be more beneficial than prohibitory or permissive legislations from the point of view of economy because regulatory legislation will club & amplify the benefits and disband & condense the costs involved in the prohibitory or permissive legislation. For example, regulatory legislations will legalize gambling for the particular section of society which excludes minors, poor people getting subsidies from government under direct benefit transfer, people having per capita income less than a particular limit and other vulnerable people; generate revenue which will increase GDP and monetary & fiscal benefits for government so that government will use it for internalizing the externalities and investing in welfare schemes; enhanced surveillance will increase the demand of workforce which create job opportunities and reduce rate of unemployment, at the same time it will reduce the instances of loan sharking and curb the parallel economy of black money (Law Commission of India, 2018). Also, during the time of recession and relative prosperity it acts as a good source of revenue when revenue from business and other revenue generating activities decreases (Borg, Mason & Shapiro, 1990).

9. CONCLUSION

"As the society changes, the law cannot remain immutable" and that "the law exists to serve the needs of the society which is governed by it." (Central Inland Water Transport Corporation Limited & Anr. v. Brojo Nath Ganguly & Anr., 1986). Law and society are dynamic in nature and hence both change with time, economy serves as an interface between both law and society. Thus, change in either of them or both of them will have a major impact on the economy of the state. The practice of gambling is always seen with lens of moral negativity which acts as a barrier in the procedure of regulation of it so, by freeing the concept of gambling from unwelcome moral negativity, it becomes easier to regulate it as an activity. Hence, the regulatory framework for curbing the practice of gambling shall be in accordance with the constitutional morality which should be the actual touchstone for justifying state intervention along with the social morality (Law Commission of India, 2018).

At present, online access has made the practice of gambling much easier, faster, cheaper and at the same time more lethal for the public at large, especially for the vulnerable section of society. Prohibitory legislation(s) was neither efficacious in the ancient period nor efficient in the contemporary period because after prohibition, gambling activities started operating in black market which became a major source of influx of black money in the economy. As Niccolò Machiavelli said, "a prince should make himself feared in such a way that if he does not gain love, he at any cost avoids hatred." (Machiavelli, 1532/2003). Therefore, dealing with the practice of gambling with smart power which includes simultaneous use of regulatory legislations, gamble scoring with formal and informal education will be the smartest choice to avoid the backlashes of use of either soft or hard power alone.

10. POLICY SUGGESTIONS

i.   Regulation at Production level

a. Make stringent and clarified provisions for mentioning the warnings of addiction and expenditure statements.
b. Imposing high Corporate Social Responsibility on the service providing firms for internalizing the externalities they have created.
c. A record of each player's activity should be kept and shared with regulatory bodies on a monthly or weekly basis (New South Wales, Gaming Machine Act (2001) sec. 3).

ii.   Regulation at Consumption level

a. Identification of problem gamblers and pathological gamblers through the records shared by the service providing firms with the help of GIBIL index and then helping them with suitable treatment.
b. Motivating people to inculcate the habit of self-exclusion and pre-commitment of spending money and time on gambling along with motivating community services which promotes Informal and formal education about gambling and its legislation(s), 'to foster a responsible conduct in relation to gambling.' (New South Wales, Gaming Machine Act (2001)).
c. Surveillance of the gambler's account balance for curbing the instances of loan sharking and involvement in criminal activities.

iii.   *Regulation at Market level*

This will be the biggest and most important factor in all the three regulatory stages because it will provide both positive and negative sanctions for the practice of gambling. Positive sanctions by increasing the flow of money in the market and negative sanctions by decreasing the flow of money in market through managing monetary and fiscal policies. So, the regulation of money flow can be done by:

a. Putting withdrawal limits from accounts for the purpose of gambling, along with linking the gambling account with the PAN card and KYC for curbing the loophole of duplication of accounts.

b. Putting a bar of a particular income level and age as the eligibility criteria for gambling.

c. Imposing heavy taxes on the practice of gambling both at production and consumption fronts.

iv.   *Policy Implications*

a. Regulation of gambling through legislation(s) will generate revenue for the government which can be used for social welfare.

b. Legalization and regulation of gambling will reduce hidden gambling and hence reduce the influx of black money in the economy along with reducing the instances of loan sharking. (Law Commission of India, 2018).

c. Regulation of gambling followed by surveillance through GIBIL will keep an eye on individuals' earnings, borrowings and profits which will help in detecting thieves because gamblers generally hail from those who amass wealth by theft (Jois, 2021).

d. A proper regulatory framework will protect the vulnerable sections of society.

e. Increased surveillance and establishment of gambling firms will increase the need for more human resources hence will create more job opportunities.

f. Increase in the number of taxable populations will decrease the burden of tax on each taxpaying individual i.e., tax per person will decrease. (Law Commission of India, 2018).

g. The entertainment industry and tourism will flourish. (Law Commission of India, 2018).

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