One can trace back different forms of gambling in every age, civilization, religion and culture. It exists as a form of entertainment. Different gambling games have different backgrounds. In today's world, India stands ninth, by gross profits, in the list of the leading global betting and gaming nations. Gambling propensity of people is deeply entrenched in the tradition and culture of Indian society. But all forms of gambling including internet gambling are treated as illegal in India. It can be betting on sports, political outcomes or wars, weather or on celebrities. Lately many Indian states have realized the importance of the gambling industry. There is a huge potential for the gambling industry of India, though much of the market falls today in illegal domain. The secrecy syndrome of gambling business promotes “collusive corruption”. This vicious practice causes the erosion of moral values as well as economic and social life of the country. There are divergent views amongst scholars and policy makers on gambling.

This paper portrays the growth of gambling industry of India. It looks at legislative measures governing lottery and gambling in India, and examines the need for reforms aimed at greater flexibility and ensuring freedom of choice for the consumers. It also analyses the popularity of lottery and gambling as prevalent in India through Internet and popular TV game shows. The paper addresses the pros and cons of legalizing lotteries and gambling in India. It examines the real consequences and actual harms caused by gambling business. The myths and negative opinions about these issues have been addressed. It focuses on the debate on political, legal, social, economic and moral dimensions of gambling in Indian context, specifically after liberalization. The paper finally projects the income and employment potentials and future prospects of gambling industry in India. It highlights the emerging role of the state under free market regime.

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Gambling is one of the oldest industries in the world. It exists as a form of entertainment in every society. One can trace back different forms of gambling in every age, civilization, religion and culture. Different gambling games have different backgrounds. In today's world, India stands ninth, by gross profits, in the list of the leading global betting and gaming nations. All forms of gambling including internet gambling are treated as illegal in India. Earlier times, gambling was termed as immoral and banned. It is believed that gambling per se is an offence since it does not involve skill. Wherever money is put at stake and the rest is left to luck, is gambling. Some economists view gambling as being a consumption good -- a person is entertained by exposing small sums of money to such lotteries. Gambling is essentially a risk taking activity, in which some one offer something of value ,usually in money, in exchange for a chance to win something of greater value , usually for more money. Telephone and telegraph greatly expanded the possibilities and but now internet revolution has further boosted the activities in the world. Gambling boom fuels new wave of super-rich. The growth of gambling fortunes has been fuelled by a surge in the habit among urban class of India, a country of unexplored gaming opportunities.

An activity is branded as illegal because the govt considers it wrong and undesirable. It is likely to have a negative impact on the society. But the stance of the govt may not be in tune with the attitudes of the most of the people in the society. There are some activities which are branded as illegal yet people participate in these activities in large numbers. These participants clearly do not consider these activities as wrong and undesirable. We can sub divide all these illegal activities into two categories: First there are those activities where the potential social damage is beyond dispute. These include drug trafficking and contraband arms trade. Second there are activities where the damage is mostly personal and where the social impact is more open to debate. These includes gambling games such as underground lotteries, casinos, football betting and cricket betting. These activities have an element of entertainment and stress relief. Those who indulge in it are making a tradeoff between some potential happiness and some risk of self inflicted damage. For hundreds of years gambling was termed as immoral and banned. In recent times, with the greater acceptance of liberal values in India, it's harder to support a
moralistic ban. In any case, the enforcement capacity against "illegal gambling" is quite miniscule in case of India.

1.1 PARALLEL ECONOMY IN INDIA

The illegal economy of India has both positive and negative impacts. On the positive side illegal business are relatively labor intensive and help to generate employment. For example, the underground lottery employs some four million people on a part time basis of a few days a month. Casinos provide employment to many people in the dens and in associated services such as preparing food, selling garlands and parking cars. On the negative side, the illegal economy has several distorting effects. Illegal activities often generate super profits, which are then redeployed in the main stream economy. Honest business men are often discouraged when faced by competitors having access to large reserves of cheap funds. Illegal funds are often laundered through legitimate markets such as real estate, stocks and entertainment businesses. Generally they are channeled through more speculative parts these markets and tend to magnify the tendency towards boom and slump. Despite employment creation the net effect of illegal economy is bad for income distribution. Gambling in particular transfers money from the poor to the rich – from the mass of often poor punters to a handful of wealthy entrepreneurs. Drug trafficking, for example, makes money for the rich at the expense of the students, workers, sex workers, and slum dwellers etc.

The illegal economy is detrimental to the nations human resources. Prostitution in particular diverts people away from education and skill acquisition through the enticement of sex and high earnings at an early age. The youth class of India is obsessed with making (not earning) quick money. The illegal economy of India complicates and undermines the management of the economy. The profits are often spent on luxurious consumption or invested speculatively in the stock and property markets. These flows may counter act govt policies to control consumption, promote savings, combat inflation and regulate eccentric movements in speculative markets. The high profits in the illegal economy help promote a spendthrift consumerist culture. They also create social values in favour of risk and speculation for superficial and illusory gains. They tend to erode work ethics. In sum illegal business generate employment and income just like any other business. On the other hand, they tend to distort resources allocations, damage human resources, undermine govt policies and contribute to economic instability. These negative effects entail economic costs which are difficult to quantify, but undoubtedly very large.

1.2 HISTORICAL GROWTH OF GAMBLING IN INDIA

Gambling in India has a very long history. The ancient records don't always distinguish between what is game playing and what is gambling. It is necessary to examine the historical background of the lotteries and gambling system in India. The role of gambling in revenue generation is not new, even during Kautilya's era gambling was a state-regulated industry with a 5 per cent tax on winnings. Once upon a time gambling with dice games was very common in India. The origin of gambling in India can be
traced right back to the story of Mahabharat, which is the pre historic epic. In the Indian legend, the Mahabharata, Yudhisthira lost his whole fortune during a dice game— a defeat which forced the five Pandava brothers and their wife to go into exile. The stakes aren't usually that high, but dice was used to determine fortunes centuries ago. Less palatable gambling in India is betting on bull fighting, cockfights, goat fights, a tradition which unashamedly still lives on in many parts of the world, whereby sharp knives are tied to the animals to harm each other during the fight. The fight continues until one animal dies or defeated and bets are then honoured.

Bets on rainfall are taken during set periods in the day and in the monsoon season, people used to gamble on when and how much rain. Rain gambling was very common in Calcutta. It was actually outlawed, but apparently still takes place - on the phone and discreetly. Other unusual types of gambling included figuring out the price of opium, and even betting on the cost of food, jute and cotton. People of India really did bet on anything and everything. There are many traditional ways and methods of gambling in India, even today.

Gambling is also developing under the impact of new technologies, especially with the growth of information technology. Bets are places on underground lottery by internet, mobile phone and fax. Gambling hosts are linked into networks by telecommunication and bank transfers across provinces and across national boundaries. The stock market lottery has been possible by television, radio and pager broadcasts. Gambling on cricket, hockey and foot ball has been possible by satellite based life telecasts. Many middle class people watch TV and increase their enjoyment by placing bets over phone or fax. Technically they commit crime. But it is almost impossible to detect, let alone suppress. And most of the participants would argue that their action is personal, private and not socially offensive.

1.3 GANJIFA - TRADITIONAL PLAYING CARDS OF INDIA

The art of Ganjifa is now a dying tradition of India. This age-old practice exists in the homes of a few artists. Ganjifa was not merely a product for sale but a way of life for the artisans. Generally the cards are circular and sometimes rectangular in shape with lacquered backs. The gambling tag attached to playing cards mislead its educative value as an art form. Many artists who made the game cards have now died and if the present generation of artists were not encouraged, the game would fade away sooner than anticipated. It is not certain whether the card games were played for amusement or speculation. It was a popular source of entertainment in India with kings, courtiers and the common masses. Even today, old people at Puri and Maharashtra play this game since it is believed that by repeating the name of God, sins are remitted. The standard playing cards of India are usually a set each of 96 cards of Mughal Ganjifa and of 120 or 144 cards of Dashavatara Ganjifa. The structure and the rules of both the games are the same except that in Dashavatara, the ten incarnations of Lord Vishnu are depicted. By the end of the game, which is played in anti-clock-wise direction, the player who amassed the
maximum number of cards is the winner. Similarly the game can be played with the Dashavatar set and Ashtadikpala

Here we analyse the following main five types of gambling prevailing in India:

1. Underground lottery
2. Stock market betting
3. Casinos gambling
4. Mach Fixing
5. Internet Gaming

1.4 UNDERGROUND LOTTERY

Buying a lottery ticket is very common practice in every household of India. Both urban and rural people are used to it. But there is a paucity of reliable data on revenues/turnover in the gambling industry of India since much of the turnover is in the illegal market. Roughly half is wagered legally, the other half, illegally. Lotteries are very popular among backward states of India. Estimates suggest that the paper and online lottery markets are worth Rs 350 billion and Rs 10 billion, respectively. The annual turnover from horse-racing is Rs 10 billion in India. But from 'single-digit' lottery or patta games to betting on politics, the illegal market is large and varied.

In the recent Indo-Pak one-day cricket series, the stakes reportedly ran into hundreds of billions. The stakes on elections are estimated to be even higher, at about Rs,350-500 billion). Much of gambling in India, therefore, is in the illegal market. The first and foremost benefit from legalising gambling will be revenue generation for states. Lately many Indian states have realised the importance of the gambling industry. Calculations from an RBI(Reserve Bank of India) report, 'State Finances -- A study of Budget 2002-03,' show that there is a tremendous increase in states' profits from lotteries. The aggregate losses of Rs 714.1 million in 2000-01 turned into whopping profits of Rs 5.232 billion in 2002-03. In the same year, the combined profit from state-run lotteries was 6.65 per cent of revenue receipts from the lotteries. The highest profit (in percentage terms) was for Meghalaya (93.96) followed by Mizoram (93.5), and the lowest was for Haryana (0.19) followed by Goa (1.58). Interestingly, these figures suggest two extremes. The exorbitant profits of Meghalaya and Mizoram show the fleecing of lottery players (the odds are heavily skewed in favour of states) and the very low profits of Haryana and Goa show the inefficiency of states. Lottery proceeds are divided roughly into winnings for players, administrative costs and beneficiaries (that is, states). In state lotteries in the US, the proportions are roughly 40-50 per cent as prize money, 15-20 per cent for operating costs and the balance for the beneficiaries/states. So profits are very small in India (6.65 per cent) when compared to the United States market (30-45 per cent). If the industry is properly organised, significant sums could accrue to states.

The second argument in favour of legalising gambling is that it provides a set of choice for the consumer to maximize his utility function. Gambling is nothing but a consumer activity with some entertainment value. Service providers want to maximise their profits and compete with other industries to get a share of the consumer's disposable
income. The consumer on the other hand see it as an activity satisfying his/her desires (for pastime and/or for making quick money).

However these benefits bring with them problems also. The first problem with gambling is when a person becomes addicted and loses control over his/her gambling activities, resulting in financial losses that have an adverse impact on his/her personal, economic and social life. The second problems relates to the social repercussions that are a direct consequence of gambling. Some of the fallout could be increased crime, loan sharking (taking loans at exorbitant rates for gambling), worsening of the living standards of the poor and lower middle class, and changes in behavioural norms and social ethics. The state has to guard, whether the lottery is drawn fairly? How the promises will be upheld in case of capital inadequacy? This is regardless of whatever moralistic overtones might be present about gambling. The state should focus upon contracts and their enforcement.

**1.5 STOCK MARKET BETTING:**

Stock market gambling has become very popular in India now a days. Common people of India use to invest in shares. The Sensex in India is rising too swiftly. We can refer to 2000, when Sensex’s record jump to 12000 non-stop with yet another record of 1000-points jump in just 24 days. There can always be a steep fall after every steep rise especially when sensex is highly sensitive to political turmoil. Since fall in sensex causes financial setback for many salaried and other middle-class investors resulting even in suicides, Reserve Bank of India (RBI) should devise mechanism whereby stock-market may be prevented from becoming a gambling-point. Past several episodes recall that rise and fall in stock-market is managed by stock-brokers and not by investments of small investors.

A new fiscal policy needs to be devised so that public-sector-undertakings (PSUs) may issue safe bonds with higher returns to give governments investment in PSUs back rather than disinvesting them. It will provide small investors safest investing opportunities rather than rushing towards highly volatile stock-markets. It is also necessary because of absence of any unemployment-insurance in the country, and ever-falling interest-rates in government-securities and public-sector banks.

Stock speculation isn’t the only source of hidden profits for some of the highest valued tech companies, Pfeiffer adds. A case in point is Web giant Yahoo. In the third quarter of 1998, Yahoo reported earnings of $16.6 million, making it the most profitable of Internet portal companies. But on closer inspection, $5.2 million - an extraordinary 31 percent of those profits came - not from operations, but from interest on the company’s cash holdings of $430 million. During 1997 and 1998, interest accounted for nearly 40 percent of Yahoo's earnings; this year that percentage contribution is expected to be about the same for following years. Therefore the lesson from all this for the investor is to simply observe the past earnings announcements, especially with high-flying stocks. Until now these stocks have done well and paid their corporate speculators handsomely. But it works the other way as well: If those stocks ever start to fall, those same companies will incur a huge liability.
1.6 MATCH FIXING IN INDIA

Sports gambling in India has become very widespread particularly in the urban centers of India. There is one simple reason for choosing sports gambling over other forms of gambling. Putting aside the entertainment factor, people have a better chance of winning consistently. Over the long term, most casino games cannot be beat. If you play long enough, you will lose. The possible exceptions are poker, which involves elements of skill and psychology, and blackjack for those who are skilled at counting cards.

Sports gambling offers a unique skill based opportunity for winning. Sports betting essentially involves two opposing bets by individuals with the sports book acting as a sort of broker. The sports book makes its money from the broker fees - the "juice" - and will adjust the odds and betting lines up or down to try and assure a roughly equal number of bettors on both sides of any proposition. The individual bettor is pitting his judgment on the outcome of an event against the judgment of another bettor. By doing homework before making a bet, one can directly increase the chances of winning his bets - particularly over the long run.

The Cricket matches were more triumphant to the countrymen than the victory on enemies. For a nation where cricket is the first love, cricket bets (illegal ones) are big business. The rise in cricket gambling in recent years has been a major factor in developing a new sports-oriented activity. The wagers usually take place by word of mouth and are based on that old favourite trust. A punter would call the bookie, ask for the odds and place their bet. The bookie enters the bet into a notebook, but no money changes hands until after the match - after which the notebook is destroyed. During the last ICC Cricket World Cup, around $1.5 billion was wagered on a single match and the most recent India-Pakistan series generated $500 million in betting on a single match, all illegal and all unregulated. Those who oppose legalization they say that sports is for sports sake, it should not be for gambling. Betting in hockey, basketball, football, badminton matches is very common in India. The episodes of match fixing has become very common in India. People’s emotion and their expectation, is being traded on. The sport in the game is dead. Rather it affects the productivity of the people across the country.

1.7 CASINO GAMBLING IN INDIA:

India is one country in central Asia with legal gambling. One of the most visible signs of the legal gambling industry in India is the casinos that have sprung up across the states. While they have their critics, they have the positive impact. Now online casinos accommodate the patrons, who would otherwise be forced to travel a long distances to bet at brick-and-mortar casinos. This technology gives the customer the convenience and privacy of gambling sitting at their own homes. Pressures of tourism are spurring the growth of casinos and other legal gaming establishments in India. Pressure for the introduction of casinos in India is developing from factors that include lack of
entertainment and leisure activities for the tourists (and the) stagnant tourism sector stuck at about 0.4 per cent of world tourism. Unexplored Gaming Opportunities in India have immense revenue potential. India has a severe shortage of leisure and recreation infrastructure and so people go to Nepal, which has casinos in five-star hotels. Casinos, help create jobs, diversify the local economy and reduce illegal gaming activity. The advocates of Casino dismissed the contention that they boost crime, saying "most people use casinos for harmless recreation." 6

India is divided into many regions with mega cities as nodal points. There are 5 cities in India which have 6 legal gambling facilities available. The 6 gambling facilities consist of casinos and pari-mutuel facilities. Legally the only types of gambling available in India are: casinos, casino-cruises. Salcette has the most casinos in India with 2 casinos in it. Our database currently shows 4 gaming machines (slots, video poker terminals, etc) and 10 table games in Salcette. The largest casino in India is Winners Casino and Hacienda de ora located in Altomonte Margao. It has a total of 30 table games and 150 gaming machines.

There are now slot machines in five-star hotels of Goa and that was made possible by the state government which amended the state Gambling Act. According to Uppal, gambling in no way violates the provisions of the Constitution To make gambling possible, a state legislature has only to pass an enabling legislation. Madhya Pradesh government, with the concurrence of the hotel and tourism industry, was planning some years ago to develop casinos in Khajuraho, Gwalior and Indore. The government expected revenue of $32 million annually from these casinos. But the plan was shelved in 1997 because of political and social oppositions. In India, the decision to introduce casinos should really be made after a thorough and informed debate on the issue. Local community's feelings and opinions need to be taken into consideration and messaged to ensure that accurate and objective information is readily and abundantly available to all concerned. Casinos and bingo games could boost tourism in India.

1.8 INTERNET GAMBLING IN INDIA:

The Internet is a complex web of computer networks that allows a person in one part of the world to communicate by computer with another person located in another part of the world. Internet gambling involves any activity that takes place via websites and that includes placing a bet or wager. Internet gambling site enables one to wager on sporting events, political races and other types of contests. Internet gambling is on the rise throughout India. It's blossomed into a three billion dollar annual business. Law enforcement officers of India used to say it's hard to contain its growth. Representatives of law enforcement agencies, regulatory bodies, and the credit card and gaming industries expressed mixed views regarding the vulnerability of Internet gambling to money laundering. Law enforcement officials believed that money laundering activities could potentially be conducted on both legitimate and complicit Internet gambling sites. Now a days High tech superstars make more money through gambling on their own stock than selling products. In fact some of the leading high technology companies - including Dell, Yahoo, Intel and Microsoft - show profits that have less to do with their businesses
than with stock market speculation and interest from hefty bank accounts. "It came as a shock to see how much of the profits of the tech industry's biggest names came from what can only be described as gambling," (Pfeiffer) The process might be described as betting on your own success: a company, such as Dell, gambles on future increases in the value of its own stock by investing in options. It sells "put" options to investment banks, giving those banks the right to sell the company its own stock at a price below market value - i.e., the bank bets the company's stock will fall.

Conversely, companies can take the money it has made from puts and buy "calls", options to buy its stock at a certain price above the current price - again betting its stock will go up. Obviously, not many tech stocks have fallen in recent months, and the companies that have played this option game have made huge sums. The ultimate example: Dell Computer, the Texas computer giant. In the past three years, thanks to a stock price increase of more than 4,000 percent, Dell has made more than $3.1 billion playing the market on its own stock. Meanwhile, the company's net income for the same period was just $2.5 billion. Dell isn't alone. In the third quarter of 1998, Microsoft made $225 million from the sale of puts alone. Intel has played the same game. It isn't illegal for a company to bet on its own success. But if a baseball player did this he'd be banned from the sport for life. But the common shareholders do not know about their investments.

Internet gambling differs in many important ways from conventional gambling. Whether these changes are positive or negative depends upon one’s perspective:

**Loss of Community Control**: If the people of given region believe that some gambling is good for economic development, they can pass a law and must live with the consequences. But Internet gambling has no such geographic limitations. Anyone with a computer is a potential player, even in the most righteous community on earth. The problems of compulsive gambling do not go away, and indeed their effects stay local. On the contrary all the benefits, such as potential profits, taxes and jobs do not stay local, but instead get sucked off into cyberspace.

**Lack of Regulation** – There is no specific rules and regulations for internet gambling in India. When one is playing virtual roulette in a virtual casino, after ten straight blacks one just know the next ball will be red. You swallow, hard, as you put down a $10,000 wager on red. It is more than one ever dreamed of betting and frankly more than one can afford. It comes up black, again so you lose. But the game is not fair. The WWW site sends your money to an uninhabited island. But there is no authority to listen to your complaints.

**Lack of Infrastructure** - But Internet gambling does not need huge infrastructural base. Expanding casino gambling from an enclave in a city into a nationwide “gaming” industry required a considerable investment in infrastructure and personnel. Massive hotels and powerful politicians had to be bought, the latter to help steer reluctant legislatures towards legalizing their business. But internet gambling is having no such bottlenecks.
Therefore, Internet gambling is an essentially borderless activity that poses regulatory and enforcement challenges. The legal framework for regulating it in India and overseas has to be more pragmatic one in India.

### 2.1 Social dimension

Gambling propensity of people is deeply entrenched in the tradition and culture of Indian society. Diwali is the most important Indian festival which is the time for new clothes, new utensils, crackers, sweets, pooja and gambling. One reason for putting lights around the house on Diwali is to light the way for Lakshmi, the goddess of wealth. It is believed that she visits the houses of her devotees and bestows luck and good fortune where she chooses. There are hundred’s of rituals and traditions associated many festivals directly or indirectly connected to gambling with regional variations in practices. An unusual custom, which characterizes the festival of Diwali, is gambling, especially in north India. It is believed on this night, the Goddess Parvati played dice with her husband (Shiva) and enjoyed it so much that she decreed that whoever gambled on Diwali night would prosper throughout the coming year. Fortunes are made or lost in stake money on Diwali night. Studies show at least two-thirds of people have gambled in their lives. But for most people it’s entertainment, and a chance to socialize. But about one percent lose control, and become addicted to it.

So there is need for reforms aimed at greater flexibility and ensuring freedom of choice for the consumers. We should examine the popularity of lottery and gambling as prevalent in India through Internet and popular TV game shows. We should study the social and moral dimension of gambling in Indian context, specifically under liberalization regime.

### 2.2 Political Dimension:

Gambling in India has a unambiguous political dimension. It is well integrated with the power structure of police, politicians and bureaucrats and local influential people. It has very firm roots. Therefore there are no easy answers or quick-fix solutions for it. So any attempt to control or limit the illegal economy must begin from the popular pressure. On the control of soft activities such as gambling and prostitution, public opinion is always divided. Some firmly argue that such activities should remain illegal on the ground of principle. Others argue to decriminalize on practical grounds, and they advocate to legalize adult prostitution and gambling. Particularly the casino gambling which is so wide spread, as a way to reduce corruption among certain segments of the police, politicians and high bureaucrats and as such generate govt revenue.

The real crux is that many people appreciate that branding an activity as criminal but then failing to suppress it effectively creates a high profit in terms of black money. The profits have a distorting impact on the economy and a corrosive impact on law enforcement and on politics. This in turn breeds distrust of politicians and police. Because of this distrust many people do not support decriminalization. They believe that
the existing illegal forms will persist under the existing form of protection. Decriminalization will just create an extra legalized sub sector and add legitimacy and increase public access. This line of argument points to the critical importance of police reforms and political reforms. It is impossible to suppress or control the illegal economy as long as its income flows are so important source for some police officers and to the funding of politics. It is also difficult to raise public support for legalization as long as police and politicians are viewed with public distrust. The starting point must be reforms which reduces the scope of money politics which totally overhaul the police. The pressure of such reforms must come from below, from the people, as it is unlikely to come from the above.

2.3 Economic Dimension

Gambling industry in India has an important economic dimension. Gambling in India serves two purposes: one is to introduce a new concept in the entertainment and hospitality industry and the other is to generate revenue for the state. It is also a good way for employment generation and reduction of crime rate. In the absence of money laundering and compulsive gamblers it has multifold effects on the states economy.

Lately many Indian states have realized the importance of the gambling industry. Calculations from an RBI report, 'State Finances -- A study of Budget 2002-03,' show that there is a tremendous increase in states' profits from lotteries. The first and foremost benefit from legalizing gambling is revenue generation for states. The role of gambling in revenue generation is an age-old practice in India. During Kautilya's era gambling was a state-regulated industry with a 5 per cent tax on winners. Secondly, gambling is an entertainment product for the consumer. It has an entertainment value. The entrepreneurs want to maximise their profits and compete with other industries to get a share of the consumer's disposable income. The consumer on the other hand view it as an activity yielding utility. However these benefits bring with them problems also. The first problem is when a person becomes addicted to these activities faces financial losses. It affects his/her economic and social life. Secondly it has social repercussions. It may lead to increased crime, and changes in behavioral norms and social ethics. In order to obtain a well-functioning market economy, we need to address these questions.

An analogy might perhaps be made with the stock market. Many people and firms like to go up to the stock market. Unlike the "small amounts of money" which are applied into roulette or blackjack, the sums of money involved in stock market are massive. Whether or not this activity is considered "good" or "right" at a moral level, it is the right of citizens in a free country to do what they like with their own money. Fairness in the "rules of the game", here, is about a host of problems. The user of the market has no right to expect that the stock will go up. But he has a right to not be cheated on the price that the broker gives him. He has a right to be able to buy brokerage services from a market which is not a club of brokers. He has a right to demand that prices on the exchange are not rigged. If a share truly goes down from Rs100 to Rs90, then the ideal market is one in which he loses Rs.10 - and nothing else.
Therefore it is necessary to reexamine the real consequence and actual harms caused by gambling business. The myths and negative opinions about these issues have to be reassessed.

2.4 Legal Dimension

There are many legislative measures governing lottery and gambling in India. In recent times, with the greater acceptance of liberal values in India, it's harder to support a moralistic ban. In any case, the enforcement capacity against "illegal gambling" is quite miniscule. The Public Gambling Act, enacted in 1867, gives legal validity to gambling, unless it's made a business to earn a profit or a commission. The interpretations of the Act are such that they give enough leeway to the police to harass people. Some times police officers conduct raids only to extort money.

Many influential people of India are involved in the networks operating and protecting gambling. Hence the possibility of making the law effective is very remote. The corruption is used to neutralize the law. Therefore gambling has become very widespread. It also involves a large number of ordinary people. The participation in gambling cuts across all social boundaries-urban, rural, male, female, rich and poor. It has been around for centuries in one form other and has become a part of everyday life and part of culture. Legal control are unlikely to succeed in suppressing something which is so wide spread and deep rooted.

The state’s argument for outlawing such activities has two parts: First the state has the duty to protect people from self-damage. Second these activities have secondary effects (poverty-induced crimes) which are the responsibility of the state to prevent. On this second type of activity, there is less social consensus on whether or not it should be criminalized. Indeed, the fact that very large number of people regularly participate in these activities indicate high degree of social acceptance. One approach is to make it illegal and suppress it effectively. Owner and players should be penalized by fines or jail terms. The other approach is to admit that suppression is too difficult because the costs outweighs the gains.

The existing laws in India are ambivalent in many ways. In fact, recently there is a move to allow betting on horse racing on the Internet. As the internet is still evolving, the laws will take some time catching up. The laws governing the Internet in India are very nascent too. The laws are very strict, unrealistic and unenforceable, resulting in multiple opportunities for corruption among police and other enforcement agencies. So we need to address the pros and cons of legalizing lotteries and gambling in India. Initially, the primary focus of the regulations should be on key issues, like: profit margins, code of conduct in advertising and new products of this business.

3. ROLE OF THE STATE

It is high time to rethink and review the past experience with this sector. Ongoing state action and approach are unrealistic. State non action on gambling is undesirable either. The state has to have a clear role and perspective. Govt of India
today does not prohibit all forms of gambling in India either. It in fact promotes gaming like lottery and horse racing. Interestingly, the government allows betting on horse-racing on the pretext of it being a matter of skill, but at the same time cricket betting is banned. The casinos in India are illegal except in one state i.e. Goa. These are considered as gaming houses, where the owner charges a commission or a fee from the winners.

But the secrecy syndrome of gambling business in India today promotes “collusive corruption”, where the corruptees are active participants and use corruption as an instrument of inducing the wrong gesture of action or inaction on the part of authorities, deriving benefits greater than the costs of corruption for themselves. The bureaucrats, politicians and policemen make huge money at the cost of state and individual gamblers and pleasure-seekers. This vicious practice causes the erosion of moral values as well as economic and social life of the country. Ethics and mortality in public services has become very low. Public servants are demonstrating unethical attitude and behaviour. Corruption in India is endemic, chronic and pervasive. It is obvious that the political, economic, social, cultural and behavioral factors combine in contributing to rise in the propensity to indulge in corrupt practices and resulting in ethical bankruptcy among them. It is also important to observe that absence of accountability and transparency in administration is possibly the single most important factor contributing to the widespread corruption in public services. The long experience under colonial rule, and lack of democratic practices have provided fertile ground for bureaucratic corruption to flourish. The inability and unwillingness on the part of the political elite to address the socio-political causes of corruption and to bring unaccountable bureaucratic under political control helped corruption to take a firm root. The cancerous spread of corruption in India’s public life has become a matter of grave concern which threatens the political, administrative and economic environment of the country. Though public awareness of this problem has increased over the years, significant progress has not yet been made in terms of developing and designing remedies that can adequately deal with its magnitude and severity.

As long as the benefits accrued from gambling outweigh the costs, there shouldn't be concern on the part of policy makers. But state has to measure the net benefits and costs. The benefits can be measured as the share of gambling's net proceeds that are earmarked for public goods; while the cost of gambling is the money spent on addressing the social costs. To frame proper regulations and to enforce them, a strong regulatory body is a prerequisite. In the United Kingdom, the Gaming Board for Great Britain is the regulatory body for casinos, bingo clubs, gaming machines, lotteries and all local authorities. Legalization give the govt the opportunity to bring gambling out from the dark corners of the society, impose some controls and extract some revenue. Instead of paying informal taxes to the police and organized crime syndicates, casino owners and gamblers can contribute to social spending. Many countries have adopted this approach (US, UK, Australia, Netherlands, Japan, Korea, Hong Kong). Their government saves on the cost of suppressing gambling and gains from the increased revenue.

The corruption in India can only be controlled by systematically reducing the incentives and opportunities for interested persons to engage in corrupt practices. We need to have four national agenda for controlling corruption: reforming the political process,
restructuring and reorienting of the government machinery, empowerment of the citizens and creating sustained public pressure for change. Being a liberal and protagonist of individual freedom J S Mill also wanted to fill the idea of freedom with a rich conception of a good life. Mill saw an important role for government, believing that people need educational and economic resources to lead their lives along paths of their own construction. So the role of the state is very clear.

4 CONCLUDING REMARKS:

There is a huge potential for the gambling industry of India, though much of the market falls today in illegal domain. It is necessary to project the income and employment potentials and future prospects of this industry in India. There are divergent views amongst policy makers on gambling. It can be betting on sports, political outcomes or wars, films, weather or on celebrities. Transparency and counter-party guarantees can bring the illegal market into the legal ambit. This segment can primarily cater to the upper middle and rich class of Indian society. But today's laws address neither the economic nor the social costs. The development of a gambling industry in India requires a three-pronged strategy: reforming the existing gambling (lottery, horse racing) market and legalizing the present illegal market (introducing new products), while introducing stringent and over-arching regulations. India can have regulations to ensure transparency and fair play in the gambling business and also address the social costs associated with gambling.

Hence, the appropriate platform that India should adopt towards gambling is that (a) it should be perfectly legal and regulated, (b) a complaint by a citizen about fraud in gambling should be viewed exactly like any other violation of contract, generating investigation and enforcement. Once gambling is legal, private information providers would publish data for the expected payoffs associated with alternative gambling providers, thus informing citizens about which could be preferable. The development of brand names would work as a vehicle for people to identify sound providers of gambling as opposed to scamsters. However, this market deepening would not come about if gambling were simply banned or considered immoral, unethical or peripheral.

Enforcement of regulations only leads to invasion of individual’s privacy. Gambling is a conscious personal choice. It may be bad, but telling people what to think instead of encouraging them to think for themselves is worse. In addition the state govt should be encouraged to abandon their gambling schemes which tend attract those who can least afford them. Gambling activities should be treated as any other business and should be controlled to protect people against possible fraud and theft. India could constitute a regulatory body on the same lines as other countries in order to ensure transparency and fair play in the gambling industry and also address the social costs associated with gambling.

NOTES:
1. Gambling is a class of opportunities where the risk is positive and the return is negative.
2. Jim (2003) says that gambling creates in it a state of mind which believes in luck and fate, they dazzle their eyes with flashy hopes.

3. David Melmer (2003) remarks that USA is considered as the country of sophisticated gamblers.


5. Swamynathan.B @ 6:44 says, over the years I have been seeing people in and out of the teams and the politics in the team. It is game of fame and shame today. There are episodes of betting, match fixings etc, which leaves someone like me with no more interest in the game. And the new talents are sabotaged in this glamour industry then we should not encourage such a sport with all such erring people.

6. The Director of the Ontario Casino Corporation (OCC) said in his 20-page presentation at the 11th International Conference on Gambling and Risk Taking held in Las Vegas, the US, 2004.

7. Although there are no laws that ban internet gambling specifically, the official government stance is that the existing laws governing gambling offline is sufficient enough to curb Internet gambling as well. The Indian Penal Code is very vague on gambling, but the Public Gaming Act of 1867 explicitly prohibits gambling.

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