Online Gambling Industry in India

Prelims (GS - I) – *Economic and social development*

Mains (GS - II) – *Issues relating to development and management of Human Resources.*

Why in the News?

Recently, gambling addiction among youth is rising, driven by easy access to online platforms.

What is online gambling and gaming?

- **Gambling** – It refers to activities where the *outcome is predominantly determined by chance or luck*, with minimal influence from the player's skill.
- **Online gambling** – It involves participating in gambling activities through the internet by *placing bets or wagers on games* and events to win money or prizes.
    - **For example**, casino games like slots, blackjack, and roulette, sports betting, poker, and lottery.
- **Skill gaming** – It Involves games where the outcome primarily *depends on the player's skill, knowledge*, strategy, or expertise rather than chance.

> ***Skill Gaming** is legally recognized as a business activity under Article 19(1) (g) of the Indian Constitution, which protects the right to practice any profession or trade.*

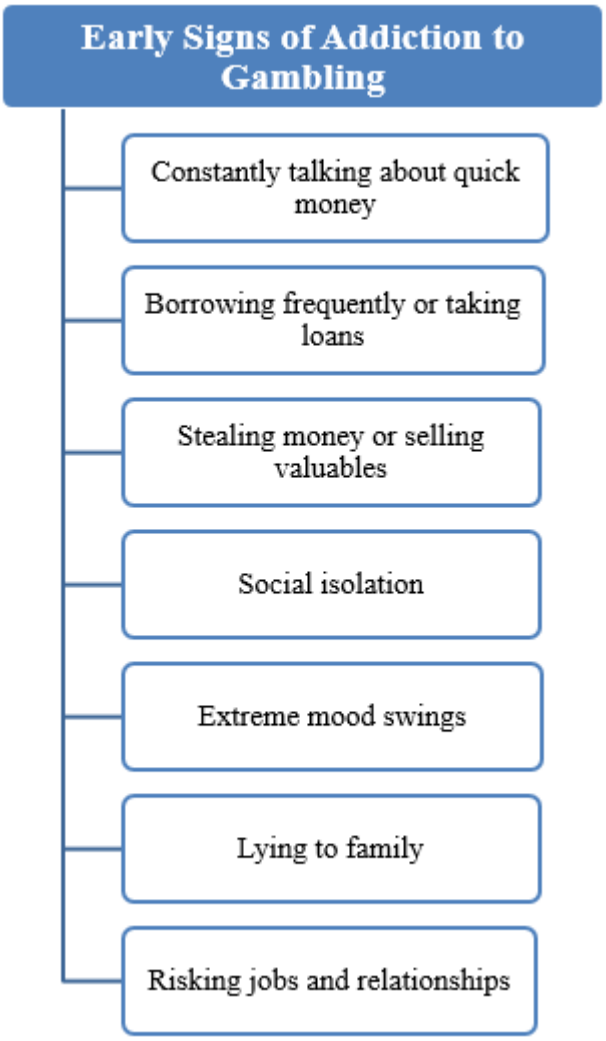
Status of Illegal Betting in India
• India's online skill-gaming sector is worth $3 billion. • **Online gambling** – A study in south India found 19.5% of college students gamble, with 7.4% showing signs of addiction. • **Daily spending on online gambling** – UNICEF estimates that children in India collectively *spend over USD 1,000 daily* on online gambling. • **Illegal offshore betting market** – It is valued to USD 20-30 billion annually.

What are the causes for increasing addiction to gambling?

- **Easier access** – Betting now requires nothing more than a smartphone, making it dangerously convenient.
- **Aggressive marketing** – Platforms use deceptive ads and celebrity endorsements to attract users.
- **Greed for money** – The lure of fast money makes gambling seem like an easy solution.
- **Instant gratification** – It is due to the problem to a *digital upbringing.*

    - From birth, they have been exposed to quick rewards — games, social media, entertainment.
- **Addictive medium** – Gambling operates on the same principle of *thrill, anticipation, and the rush of winning*.
    - Their brains are wired to seek these highs, making addiction almost inevitable.
- **Social expectations** – Many chase the latest gadgets, social status or even *family expectations to earn early*.
- This pushes them toward quick money-making methods, and gambling becomes an easy escape.
- **Lack of Awareness** – Families and individuals often fail to recognize the signs of gaming addiction.

What are the red flags of addiction to gambling?



What are its ill impacts?

- **Physical health issues** – Severe physical health issues develop *due to prolonged screen time and stress*.
- They often neglect sleep and nutrition leading to deterioration of health.
- **Mental health deterioration** – It causes depression, anxiety, among the youth and some *turning to nerve-calming drugs*.

- **Social isolation** – They *withdraw from social interactions*, straining relationships with family and friends.
- **Financial problems** – They accumulate *massive debts*, often borrowing from instant loan apps or selling valuables.
- **Economic loss** – The illegal offshore betting market, worth $20-30 billion annually, costs India billions in tax evasion.
- **Loss of life** – The dangers of online gaming leads to *suicides* among youths.

What are challenges in regulating it?

- **Weak enforcement** – Ministry of Electronics and Information Technology amended intermediary rules in 2023 to regulate skill gaming but it *lagged strict enforcements*.
- October 2023 GST mandate requiring offshore betting platforms to register with Indian tax authorities has been ignored.
    - By December 2024, *none had complied*, prompting probe into 658 non-complaint entities for tax evasion.
- **Offshore betting** – Weak enforcement has made India a hotspot for offshore betting, costing the economy billions.
    - These operators run from like Curaçao, Malta, Cyprus, China and Dubai, making them *nearly impossible to track*.
- **Misuse of rules** – These platforms attract users with 'No GST' claims and higher payouts.
- They are exploiting the 28% tax on domestic gaming firms while evading regulations like KYC and responsible gaming.
- **Blurred legal lines** – Without clear regulations, users can't tell the difference between legitimate skill-gaming apps and offshore betting sites.
- **Money laundering** – Illegal operators launder money through mule accounts with Rs2,500 crore in illicit transactions processed monthly.

***A mule account** is a bank account used by criminals to launder illicit funds, often set up by unsuspecting individuals lured by promises of easy money or coerced into participation.*

- **Decentralized digital advertising** – User-generated content disguises gaming promotions, making tracking and removal challenging.

What are the measures taken by the Government to curb online gaming?

- **Taxing online games** – The Finance Act, 2023 introduced a 30% income *tax on net winnings in online games* from 2024-25.
- A *28% GST on online gaming* was implemented from October 1, 2023, with mandatory registration under the Integrated Goods and Services Tax (IGST) Act.
- **Statutory provisions** – Online games are regulated by the *Public Gambling Act 1867* and the *Information Technology Act 2000*, which govern online gaming activities in India.
- Integrated Goods and Services Tax Act also direct intermediaries to block unregistered

online money gaming platforms.

- **Regulation of platforms** – Ministry of Electronics and Information Technology (MeitY) blocked 1,410 online betting, gaming, and gaming websites during 2022 - 2025.
- Intermediary Rules, 2023 were amended to regulate skill gaming.
- **Punishments** – Bharatiya Nyaya Sanhita, 2023 punishes *unauthorized betting* with 1–7 years of imprisonment and fines.
- **Cybercrime enforcement** – The Ministry of Home Affairs set up the Indian Cyber Crime Coordination Centre (I4C) to tackle cybercrimes including online gambling and scams.
- A National Cyber Crime Reporting Portal and helpline (1930) enable reporting of cyber financial frauds.
- **Public awareness** – The Ministry of Education issued an advisory for parents & teachers on "Overcoming online gaming downsides" and "Children's safe online gaming".
- The Ministry of Information and Broadcasting mandates gaming ads to carry financial risk disclaimers per Advertising Standards Council of India guidelines.
- **State-level legislation** – Betting and gaming fall under entry 34 of the State List, empowering state to make laws banning it.
    - Telangana Gaming (Amendment) Act, 2017

What lies ahead?

- Government can introduce regulations to *distinguish legal skill gaming from illegal gambling* and close loopholes.
- *Strengthening enforcement* of digital regulations and hold celebrities accountable for endorsements.
- Promoting awareness campaigns to educate youth and families about the dangers of online gambling.
- Certain habits must be monitored from childhood.
- Parents can be encouraged to *use site-blocking tools* and Children must be taught the value of money and the dangers of easy wealth.

Reference

[The Hindu| Debt, Despair and Online Gambling]

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