



OFFSHORE ONLINE BETTING AND GAMBLING IN INDIA: A RISK ASSESSMENT

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INTRODUCTION

There are more than 800 million internet users in India. As the number of internet users grows, there is a commensurate increase in the risks they face online. Prominent among these is the spread of offshore betting and gambling websites. Offshore websites refer to websites operated from foreign jurisdictions. These websites allow Indian citizens to participate in illegal activities, including games of chance involving money, and exposing them to a range of physical, psychological and financial harms. There are many reports of Indians suffering huge financial losses¹ on such websites. In many cases, these financial losses have led to suicides.²

Data from the Union Ministry of Home Affairs (MHA) show that 5,091 complaints were registered against online gambling websites on the National Cybercrime Reporting Portal between August 31, 2019 and December 31, 2021. While the MHA does not differentiate between offshore and onshore businesses in the data published on its cybercrime portal, media reports and our own analysis suggest that a significant share of grievances related to offshore websites.

Despite their evident illegality, which we discuss, and substantial evidence of the harms they cause, no systematic action has been taken against offshore betting and gambling websites. This despite the fact that problem websites and applications are often blocked using Section 69A of the Information Technology Act, 2000 in the

interest of public order or national security – the number of URLs blocked by MeitY on these grounds increased from 3,635 to 6,096 between 2019 and 2021.³

This paper describes how offshore betting and gambling websites are violating Indian law with impunity. By operating from foreign jurisdictions, they are able to evade enforcement actions by Indian authorities. Blocking access to these websites and preventing offshore betting and gambling firms from operating in India is crucial to the welfare of Indian citizens. While mechanisms exist to effect such remedies, they are difficult to enforce for reasons we attempt to identify. We map the offshore betting and gambling ecosystem to understand its scope of operations and the nature of its harms, in order to suggest remedies in India.

VIOLATION OF LAWS

Online betting and gambling are prohibited in India, save for states like Sikkim and Meghalaya where they must pass through a robust licensing framework. Elsewhere, the mere operation of offshore betting and gambling websites is illegal. These businesses also violate central laws in their daily

operations – including content regulation norms, foreign exchange laws, money laundering regulations and consumer protection laws. Table 1 lists the central laws violated by offshore betting and gambling websites.

TABLE 1: VIOLATION OF CENTRAL GOVERNMENT LAWS

Legislation	Description
Information Technology Act, 2000 and Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021	Intermediaries are liable to ensure that their platform is not used to publish or share certain content, including content <i>relating to or encouraging money laundering or gambling, or otherwise inconsistent with or contrary to the laws in force</i>
Consumer Protection (E-Commerce) Rules, 2020	The rules cast certain duties on all e-commerce entities. These include: <ul style="list-style-type: none"> • Establishing a grievance redressal mechanism • Publishing the contact details of customer care and grievance officers • Appointing a nodal person resident in India to ensure legal compliance
Foreign Exchange Management Act, 1999	Remittances of income from lottery winnings, racing/riding, sweepstakes, etc. are prohibited under FEMA, 1999 read with Rule 3 and Schedule 1 of the Foreign Exchange Management (Current Account Transaction) Rules, 2000
Indecent Representation of Women (Prohibition) Act, 1986	Section 3 of the Act prohibits the publication or exhibition of advertisements containing indecent representations of women in any form. Offshore online betting and gambling websites often display content portraying women in a manner indecent and offensive ⁴

Prevention of Money
Laundering Act, 2002

All entities offering games to be played for cash or its equivalent, whether online or offline, are required to adhere to the provisions of the Act and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. Section 12 of the Act requires “reporting entities” – defined in Section 2(1)(wa) to include “a person carrying on activities for playing games of chance for cash or kind, and includes such activities associated with casino” – to maintain records of transactions and documents showing the identity of their clients in accordance with the 2005 Rules. These rules prescribe the nature and value of the transactions for which such records are to be maintained.

Young Persons (Harmful
Publications) Act, 1956

The law prohibits disseminating publications harmful to people below the age of 20 years. These include any publication which portrays the commission of crime in such a way that it would incite a young person (below 20 years of age) to commit offences

Source: Author’s compilation

CONTINUING HARM

Besides violating these laws, online betting and gambling expose individuals, especially minors, to risks like gambling addiction, financial loss and exposure to inappropriate content. These harms are continuous in nature – they will keep causing injury for as long as the websites are in operation. Some of these harms are detailed below.

- i. **Financial Loss** – Gambling and wagering are correlated with financial losses. Studies suggest that people who bet even relatively small sums are more likely to suffer financial hardship.⁵ Online the risk of such losses is greater, as players are exposed to a higher risk of cheating and fraud. It is for this reason India has strict laws on betting and gambling.

Since offshore online gambling operates outside the scope of domestic laws, it allows cheats to exploit vulnerable consumers.⁶ Some websites use misleading advertising to lure unsuspecting users with exaggerated claims.


For example, VIP-Bet Club (<https://vip-bet.club/287-2/>) offers betting tips allegedly based on insider information of sports matches where the outcomes have been fixed. It promises a 100% winning rate with no chance of losses. We contacted the number provided on the website to assess how easily this service can be availed.

Games are 100% sure and there is no chance to lose.

BUY IT NOW!

Monthly membership prices


PERIOD	MATCHES	ODDS	PRICE
1 Week	7 - 9	2.10 - 5.00	60 EUR
2 Weeks	14 - 18	2.10 - 5.00	90 EUR
1 Month	30 - 40	2.10 - 5.00	150 EUR



Astrid Bjerne

CEO | Founder
Vip-Bet.club | Very Important Bets

Call us: +38972 593 924

Partners: 

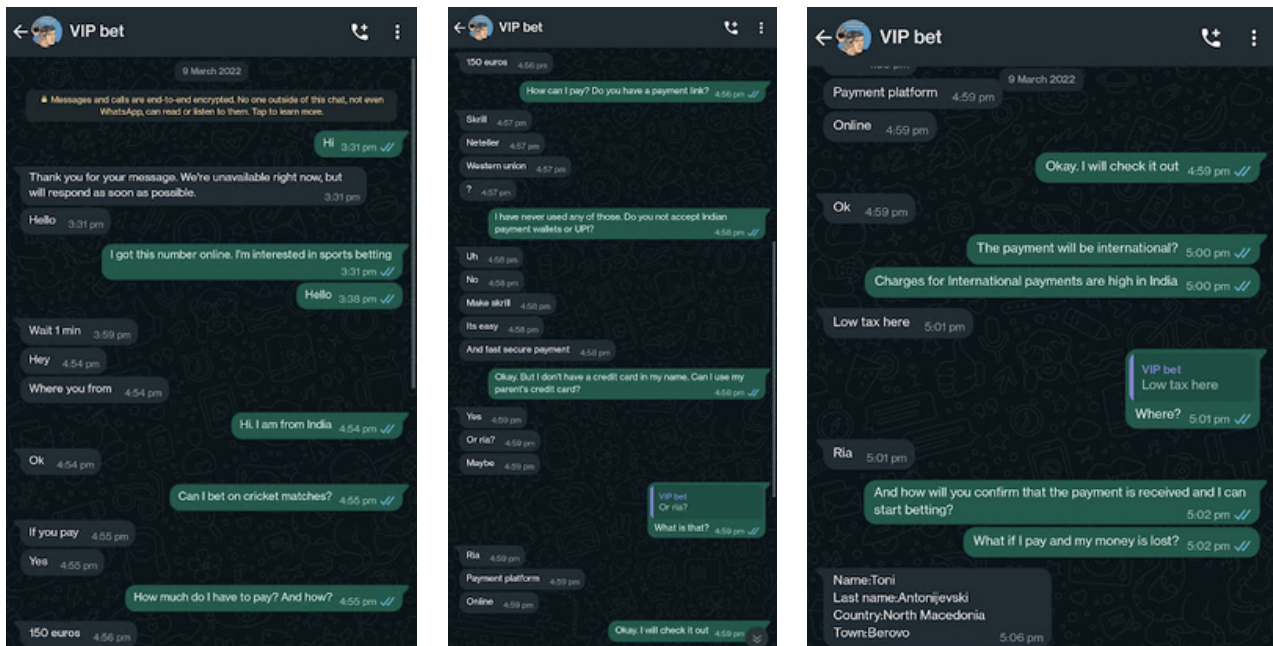
Check our [web page vip-bet.club](https://vip-bet.club)

"Money won is twice as sweet as money earned."

All you need to do is not to resend or resell our games.

<p>👉 Tips today Hundreds win every week using our guaranteed tips! We provide the best betting tips in the market. Check out our recent results.</p>	<p>👉 Tips today 24 hours 7 days customer service available to you! Feel free to contact us if any assistance is required. Our experienced team will help you.</p>
<p>👉 Tips today Don't need to be a Guru! Simply trust us. We are the most profitable sports betting advisory service with 7 winning seasons and a 98% win rate.</p>	<p>👉 Tips today Feel your inner winner! Please take the time to check out our past statistics. Earn hundreds or thousands, it is entirely up to you. Feel your inner winner!</p>

Screengrab of VIP Bet's homepage making false and misleading claims. Accessed at Gurugram on March 30, 2022.



Screengrab of our conversation with the administrator of VIP Bet. Taken at Gurugram on March 30, 2022

The operator of VIP-Bet's WhatsApp business account told us that we could buy a monthly plan for 150 euros, and after the payment he would add us to a Telegram group for placing bets. He suggested using digital wallets like Neteller, Skrill or Ria, though he was also ready to accept payment through agents like Western Union. When we agreed to this, he gave us the name and location of the person to whom the funds could be transferred. Many Indians have reportedly suffered losses at the hands of similar players.⁷

2. **Risk to Minors** – These risks are more pronounced in the case of minors. Many websites do not conduct know-your-customer (KYC) or other age verification checks. This allows minors easy access to these websites, exposing them to unsuitable content and enticing them to engage in illegal activity. Offshore websites like Parimatch also offer payment options like cash on delivery, where a gaming platform

agent collects the cash payment from consumers after which their gaming wallets are topped up with the amount. This makes it easier to lure minors, who may not otherwise have access to digital payment methods, into illegal activity. We investigated the most widely accessible offshore betting and gambling websites to assess whether they could be accessed by minors, and identified several websites that let minors access and transact on their platform. Some specific instances are given in Table 2.

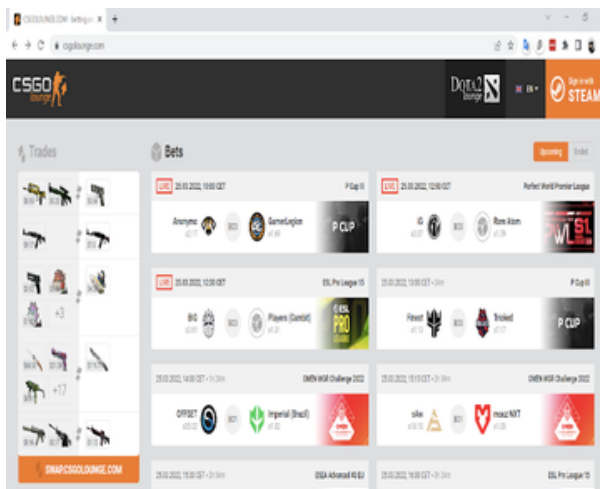
TABLE 2: EXAMPLES OF POSSIBLE HARM TO MINORS

Platform	Place of Registration	Games Offered	Minors Policy	Comments
JeetWin	Curacao	Slot games, casino games, betting	Below 18 not allowed	Minors can sign up and play demo games. Depositing money requires no KYC, which is only needed when withdrawing funds. So a minor can sign up, deposit money and play
CSGO Lounge	Curacao	Betting on eSports – Counter Strike games	N/A	Anyone with a Steam account can log in. Steam allows anyone over the age of 13 to sign up. Payment can be made through crypto
DOTA2 Lounge	Curacao	Betting on eSports – Counter Strike games	N/A	Anyone with a Steam account can log in. Steam allows anyone over the age of 13 to sign up. Payment can be made through crypto
VIP-Bet	North Macedonia	Betting on cricket and football matches	N/A	Allows anyone to register and place bets, for a monthly payment of 150 euros. Bets are placed through Telegram groups. The website lures users by advertising that they have fixed some of these matches and can offer better odds
Parimatch	Curacao	Betting, slot games, casino games	Below 18 not allowed	No age verification. Users are asked to declare that they are older than 18 at the time of registration. No KYC to authenticate the declaration. Payment mode includes ‘cash on delivery’

Source: Author's compilation

We explain the modus operandi of one of these websites/applications (CSGO Lounge) in detail below.

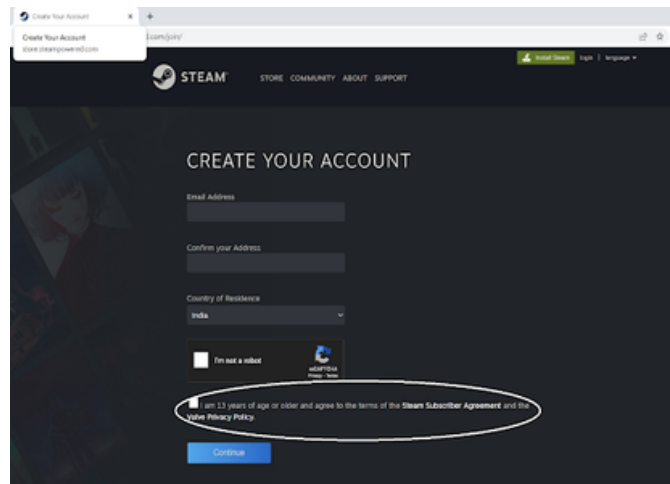
CSGO Lounge allows users to place bets on the outcomes of eSports matches and tournaments. The website allows children between the ages of 13 and 17 to access its



To bet on eSports competitions, CSGO allows users to sign in using their Steam account (Steam is a global marketplace of video games).

contents and indulge in betting.

To bet on eSports competitions, CSGO allows users to sign in using their Steam account (Steam is a global marketplace of video games).



Steam allows anyone over the age of 13 to sign up on their platform.

3. **Gambling Addiction** – Gambling addiction is a recognised behavioural concern. While only a small subset of gamblers are afflicted with pathological gambling, its impact extends to their families and community. Gambling is associated with higher financial distress and lower financial inclusion and planning, higher rates of future unemployment and physical disability, and at its most acute, with substantially increased mortality.⁸

Online gambling poses an aggravated risk of addiction given its round the clock

accessibility, immersive interface, and the ease with which money can be spent. The risk is compounded by offshore websites, against whom corrective measures cannot be enforced. Many countries including the United Kingdom, Sweden, Denmark and the United States prescribe certain safeguards as corrective measures to mitigate these harms. These safeguards are briefly described in Table 3.

TABLE 3: BEST-PRACTICES FROM OTHER JURISDICTIONS

Method	Description
Self-exclusion	Self-exclusion allows gamblers to voluntarily have themselves banned from entering casinos or participating in gambling activities for a specified duration. In the online space it can be enforced through tools like GamStop
Responsible game design	Many jurisdictions prescribe game design standards intended to minimise potential consumer harms. The idea is to ensure that games do not use unethical tactics to exploit vulnerable gamblers
Identifying problem gamblers	In many jurisdictions, gambling operators are mandated to observe patterns in player behaviour to look for problem traits. In some cases the players so identified are referred to specialised clinics and advised to seek expert help
Ethical business practices	In countries like Denmark and Sweden, the law requires gaming firms to adhere to ethical standards of business conduct. For example, Chapter 14 of the Swedish Gambling Act prescribes a legal duty of care for licensed gambling providers. It requires all licensed operators to ensure that social and health protection considerations are part of their gambling operations, to protect players from excessive gambling and help them mitigate their gambling habits. Other measures include responsible advertising and transparency obligations

Source: Author's compilation

In the future many jurisdictions, especially those which have legalised online gambling, may attempt to regulate these activities in the public interest. While such measures can be enforced against domestic operators, however, they are challenging to enforce against offshore online betting and gambling websites.

4. **Illegal Advertising** – Offshore betting and gambling websites are marketing their services aggressively to lure more users. Advertisements of such websites can be seen across various media. For example, in December 2020, advertisements of offshore betting websites like Betway were openly

shown during the live streaming of cricket matches between India and Australia on SonyLiv. Later, the Ministry of Information and Broadcasting instructed all TV channels to ensure that ‘advertisements do not promote any activity which is prohibited by statute or law.’⁹

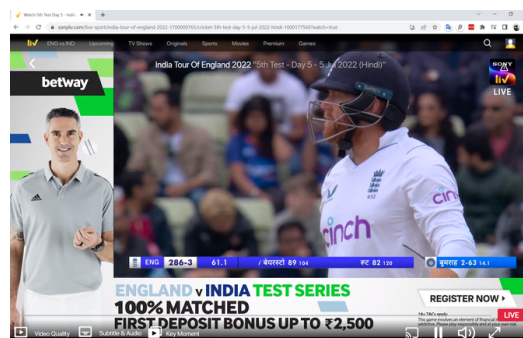


A screengrab of Betway's ad during an ODI between India and Australia.

Source - The Indian Express

Betting and gambling advertisements are prohibited in India. As per Chapter III of ASCI's Code For Self-Regulation Of Advertising Content In India, advertisements should not promote activities which are in contravention of laws in India. Similarly, Rule 3(1)(b)(ii) of the IT Rules 2021 prohibits publication of any content which, among other things, promotes gambling. The rampant advertising of online betting and gambling services has also caught the attention of the central government.

On June 13, 2022, the Ministry of Information and Broadcasting issued an advisory¹⁰ to the print media, satellite television channels and digital media platforms, directing them to refrain from publishing advertisements of online betting and gambling websites. The advisory notes that such advertisements promote an activity which is not only prohibited but also entails significant financial and socio-economic risks. It also notes that such advertisements are



Screengrab of Betway's ad aired on July 5, 2022, during a test match between India and England.

Accessed at Gurugram on July 05, 2022.

misleading and do not conform to the standards of advertising content under Indian laws. However, despite the advisory, advertisements of offshore betting and gambling websites were aired on SonyLiv during a test match between India and England, which was streamed between July 01 and 05, 2022.

To circumvent such regulations, offshore betting and gambling websites resort to surrogate advertising. Surrogate advertising refers to the practice of promoting highly regulated or banned products like tobacco and alcohol, in the guise of other, unrestricted products. In most cases, the surrogate product i.e. the unrestricted product, does not have sufficient market presence, and the members of the public are likely to relate the advertisement to the restricted good. For example, advertising liquor in mass media is prohibited. To circumvent this, liquor businesses advertise their brands through ads for soda, bottled water, and music CDs.

Home page of Parimatch News. Accessed on May 09, 2022, at Gurugram.

In case of offshore betting and gambling websites, surrogate promotions often happen in the guise of news websites. Prominent websites like Dafabet and Parimatch operate sports news websites namely 'Dafa.news' and 'PariMatch News'. They then mainstream

themselves by sponsoring sports tournaments. For example, in December 2021, Parimatch News became one of the official sponsors of Pro Kabaddi League.¹¹

Screengrab of a promoted piece advertising offshore online casino websites on India Today, dated August 04, 2021. Accessed on May 09, 2022 at Gurugram

Other websites are resorting to the use of promoted content on news websites. In recent times, leading publications like Mint, India Today and The News Minute have

carried stories promoting online betting and gambling.¹² Such stories also mislead people into believing that online betting and gambling is legal and safe to play.

ENFORCEMENT GAP

The regulation of offshore betting and gambling websites is marred by jurisdictional ambiguity in India. Betting and gambling is a state subject and offline/physical betting and gambling is regulated by the states. It is untenable to extend these laws to offshore online betting and gambling firms. For instance, while states including Andhra Pradesh, Telangana and Tamil Nadu have amended their laws to regulate cyberspace, offshore gambling websites are unlikely to be affected as state laws lack extraterritorial application.

Moreover, states do not have the technical capacity to block access to illegal websites. For instance, when Andhra Pradesh wanted to enforce a ban on online gambling websites in October 2020, it had to request MeitY to enforce the ban under Section 69A.¹³

The Centre is far better equipped to regulate offshore online betting and gambling. The regulation of digital products and services is Union jurisdiction vide Entry 31 of List I. This position is backed by the 276th report of the Law Commission of India:

Since online betting and gambling are offered and played over media (telephones, wireless, broadcasting and other like forms of communication) covered under Entry 31 of List I of the Seventh Schedule to the Constitution, the Parliament has the legislative competence to enact a law(s) dealing with the same.

Further, the only statutory provision for blocking public access to a URL is Section 69A of the IT Act, which is administered by MeitY. In February 2022, the Ministry clarified before Parliament that all online games are intermediaries under the Information Technology Act. Responding to a question¹⁴ in the Lok Sabha, the Ministry stated in its response that “*Online gaming platforms are intermediaries and they have to follow the due diligence as prescribed in the Information Technology (IT) Act, 2000 and the Rules thereunder.*” As an extension of this position, offshore betting and gambling websites are also under the jurisdiction of IT Act.

As highlighted above, these websites violate a spate of other central laws including FEMA, PMLA, and the Consumer Protection Act. Since these laws are administered by Union Ministries, the Centre would be well within its rights to take punitive measures against offshore betting and gambling firms.

However, there is no central nodal ministry or department to identify rogue offshore websites and refer them to MeitY for blocking under Section 69A. This enforcement gap allows such offshore websites to operate in India with impunity.

CONCLUSION

Notwithstanding the scope of the harms described above, there has been no systemic action against offshore online betting and gambling websites in India. There are two underlying reasons for this.

First, questions of jurisdiction over online betting and gambling are not clearly answered in existing law. While betting and gambling is a state subject in the Constitution, and states' jurisdiction over physical/offline betting and gambling is well established, its application to offshore online activities is debatable. As offshore betting and gambling websites operate from foreign jurisdictions, their regulation involves transboundary issues. It is critical that laws governing them should have extraterritorial jurisdiction. State-level betting and gambling laws lack extraterritorial application and are therefore unfit to regulate offshore betting and gambling.

The Union is better suited to regulating offshore online betting and gambling websites. Its competence in this regard is backed by the 276th report of the Law Commission of India. Moreover, offshore betting and gambling websites violate numerous central laws, whose enforcement is the responsibility of central departments and ministries. The Information Technology Act, 2000, which is the only statute under which particular URLs can be blocked in India, is a central law under the administrative jurisdiction of MeitY.

While a multiplicity of agencies are available to regulate offshore online betting and gambling, an enforcement bottleneck is the lack of a nodal ministry or department responsible for identifying and referring such websites to MeitY for blocking. Addressing

these gaps will require structural changes, including legislative amendments and the requisite changes in allocation of business rules. It is imperative meanwhile to prohibit public access to known offshore betting and gambling websites/applications, to ensure they do not perpetrate further harm.

In the long term it is important to create a centralised reporting framework that would enable quick identification of illegal offshore betting and gambling websites, for referral to MeitY for blocking under Section 69A of the IT Act. Policymakers must also consider the unique challenges of online enforcement, recognise the existing deficiencies in state capacity, and the importance of expert participation from industry, academia and civil society.

Examples of other cross-border challenges linked to the internet, such as content piracy, would serve as a template for a system to identify and block illegal websites. In 2017 the Maharashtra Cyber Digital Crime Unit (MCDCU) was established to enable cooperation between government and the media and entertainment industries to combat piracy, with industry experts helping the police identify offending websites and draw up an 'Infringing Websites List' for blocking. This model can be replicated in the context of offshore betting and gambling websites.

ENDNOTES

- 1 <https://indianexpress.com/article/cities/hyderabad/cheating-complaint-unearths-online-gambling-scam-worth-crores-6561963/>
- 2 <https://www.newindianexpress.com/cities/chennai/2022/jun/07/woman-in-chennaiends-life-after-losing-20-sovereigns-rs-3-lakh-in-online-gambling-2462556.html>
- 3 <http://164.100.24.220/loksabhaquestions/annex/178/AU5611.pdf>
- 4 Indecent representation is defined as the *depiction in any manner of the figure of a woman, her form or body or any part thereof in such a way as to have the effect of being indecent, or derogatory to, or denigrating, women, or is likely to deprave, corrupt or injure the public morality or morals.*
- 5 <https://www.theguardian.com/society/2021/feb/04/even-low-levels-of-gambling-linked-to-financial-hardship-study-finds>
- 6 http://timesofindia.indiatimes.com/articleshow/85727638.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst
- 7 <https://complaintroom.in/lucky-ark-vip-club-fraud-and-scam-c15102>
- 8 Muggleton, N., Parpart, P., Newall, P. et al. The association between gambling and financial, social and health outcomes in big financial data. *Nat Hum Behav* 5, 319–326 (2021).
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- 9 <https://indianexpress.com/article/sports/cricket/betting-ads-during-cricket-streaming-ib-ministry-steps-in-7092351/>
- 10 https://mib.gov.in/sites/default/files/Advisory%20on%20online%20betting%20advertisements%2013.06.2022%28%29_o.pdf
- 11 <https://www.theweek.in/wire-updates/business/2021/12/23/pwr22-parimatch-news.html>
- 12 <https://www.g2g.news/illegal-online-casinos-flood-news-websites-with-sponsored-posts/006799>
- 13 <https://www.medianama.com/2020/10/223-andhra-pradesh-meity-gambling/>
- 14 <http://164.100.24.220/loksabhaquestions/annex/178/AU2.pdf>



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