



SBC Digital Barcelona: The potential of the Indian betting market

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Gowree Gokhale, partner at **Nishith Desai Associates** highlighted various issues that the state may have with foreign operators due to current state laws in India detailing that foreign operators can not be held liable as the state is not allowed to control activity outside of the country as it is not permissible.

Speaking on the second day of the **SBC Digital Summit – Barcelona**, Gokhale was joined by panellists who looked at the potential of the Indian betting market and addressed long standing concerns regarding sporting corruption.

“Currently the state laws are the laws that govern the gambling activity in India.” noted Gokhale. “Those state laws are a technical legal point that those state laws do not have a statutory application thereby meaning a foreign operator may not be held liable under the Indian state law because that will mean that the state is trying to control an activity outside of the country and that is not something that is permissible.”

A secondary issue Gokhale stated lies in the Foreign Exchange Limited Law by which India players are not allowed to remit funds offshore or outside of India for gambling activity. The liability lies with the Indian resident and not on the foreign recipient being the offshore operator: “The liability is on the Indian consumers it is for them to comply with the law and if they believe that they are in compliance with the law meaning go ahead and accept the payments.”

“In the Indian context currently all of those regulation people all the companies are operating in a self-regulatory mode for the skill gaming there are three bodies who are operating in a self-regulatory model.”

The India tax authorities have begun to send notices to offshore operators because they are saying you are conducting your business in India by rendering the gambling services and therefore you are liable to pay the goods and services tax in India.”

Fellow panellist **Jaydeep Chakravarty**, Vice President – Commercial at **Markor Technologies** discussed the recent change within the Indian digital ecosystem and the impact this has had on consumer behaviour.

In 2016 a dramatic ruling by the BJP saw the withdrawal of all high-value banknotes from circulation, almost overnight. Removing 85% of all cash notes from the economy in a bid to weed out counterfeit money and flush out undeclared wealth. The impact being that it forced people to use more digital currency: “People who are not aware of cards or they are not comfortable using credit cards or debit cards or mobile wallets on the internet suddenly became very used to it because that was the only option they were left with.”

At roughly the same time telecom company Jio was launched offering the cheapest broadband in India. This coincided with a significant influx of people purchasing low to medium price Android hand-sets which saw: “the Indian market saw a huge digital growth in the last four/five years”.

Chakravartty added that in India they now have around 380-400 million English speaking people and have around 750 million plus smartphones which he stated is a number which is only rising. “India became a very attractive market for a lot of offshore gaming companies because they are facing an increasing regulation in European markets and increasing tax burdening in European markets so they see [India] as a very easy market where with the very limited changes they can basically grow in this market but that’s very far from true.”

“Even brands that are operating in India from an offshore model, they have done a lot of work to be accepted or to be working in this market. It’s not just a you add an Indian flag in a website and you make it and you make it live and you start seeing like hundreds of players coming to you. It’s not that easy.”

The solution to tackling the offshore industry Chakravartty stated is creating better regulation. “Regulation is the best solution available. Obviously with a good combination of tax and regulatory frameworks but regulation is the best solution, no form of self regulation or no form of any other regulation does work because at the end of the day it is all profit making companies, they want to see their profit before anything else. I think regulation has played a very big role and as an industry we should be looking towards getting to that.”

By 2025 the Indian betting market is estimated to be worth \$1-1.5 billion said **Debashish Bhattacharjee**, Co-Founder & CMO at **Pocket52** following the analysis of customer behaviour stating: “It seems that India itself has a huge potential with the market with the consumer, with everything but sometimes the legalities and things which are slightly improving day by day, so I am hoping that the players are easily able to bet and they can trust the players, they can trust the websites, they can trust the operators, again supporting by the government when things are legal it is much more easier for players to really trust the operators and then can easily bet over them.”

You can find the full panel session [here](#).