

Regulatory uncertainty continues to cloud prospects

In late February, gaming industry stakeholders converged in Goa at one of India's first gaming specific conferences: Sports Betting & Gaming India (SBGI). The event, led by Eventus International at the Park Hyatt Goa Resort and Spa, was well attended considering the gaming market is largely in its infancy.

Over 150 attendees discussed several India-specific topics, including the market's value and potential from an online, lottery, sports betting, and land-based perspective, as well as the regulatory and legislative hurdles involved to expand the market. These types of events have become a necessary first step for stakeholders to understand an emerging market's value and provide guidelines on how to participate.

As Japan and Brazil have taken the mainstage and much of the attention at other industry events, this India specific event allowed participants to educate themselves about the existing and potential gaming opportunity in the market. The conference also provided attendees with one of the first opportunities to hear from various experts focused on recent market developments in India. While the conference's attendance was dwarfed by other recent industry events in Macau, London, and Las Vegas, the intimate setting allowed for meaningful discussion and a summary of the uncertain future in one of the world's largest remaining untapped gaming markets.

Online, skill-based cash games, including rummy and poker, are currently allowed in several states in India. The legality of these games is primarily due to ambiguous regulatory environments. However, certain states have taken steps to define regulations. In Telangana, no online, skill based games are allowed. In Maharashtra, the Bombay High Court recently declared that poker is not a game of skill, effectively outlawing online poker in the state.

In addition to that ruling, Maharashtra's Minister of State for Home, Dr. Ranjit Patil, recently stated that the government is planning to introduce new legislation to further address online gaming in the state. In other states, like West Bengal and Karnataka, poker has been included as a

game of skill and operators are vying for the wagers of patrons in those markets today.

Sports betting remains illegal in every state, but several stakeholders are working to change that. In an attempt to capitalize on the market, a few state agencies have been evaluating legalization since 2008. Nationally, the Law Commission of India has spent the last year and a half reviewing the potential impact of nationwide legalization of betting and gaming in an effort to provide a recommendation to the government. The Law Commission's initial thoughts on the subject were positive, but recent findings have indicated that the Law Commission is mainly considering legalization in a highly restricted and controlled environment.

As a recommendation has still not been made, the Law Commission recently received a Right to Information (RTI) query. In response, the Law Commission stated that it has no timeline for the issuance of a recommendation, but some experts expect a response could come this June or July. Even so, stakeholders are wary that a recommendation, let alone a positive one, will actually occur. If a positive recommendation is made, pundits fear that it will come with too many restrictions, limiting the market's potential.

Regardless, a positive recommendation would still need to be approved and accepted by the government.

In Goa, the government has committed to moving the market's offshore casinos on to land. This move onshore would allow for the first large scale, land-based casinos in India and could provide operators with an opportunity to develop a more attractive product with non-gaming amenities that appeal to the casual gamer and non-gaming patrons. The policy is still awaiting the approval of the cabinet and legislative assembly.

With political uncertainty in the state, it is still unknown as to if and when the casinos will be allowed to relocate onshore. Meanwhile, all of Goa's casinos will soon face a hike in licensing fees, with costs expected to jump 2.5 to 4.5 times in comparison to current levels.

In Daman, Delta Corp. Ltd. is still working to garner a gaming license for the 176-room resort it recently opened. It is still unclear whether Delta Corp. Ltd. will eventually receive it. Several other states are currently contemplating the land-based gaming opportunity and are taking preliminary steps to discuss the 1867 Public Gaming Act and alternatives, but have not made significant progress.

While the market in India still seems far from presenting large opportunities to major industry stakeholders, existing market movements in India, as well as in other markets like Japan, have created some momentum in the marketplace. Stakeholders have taken hold of that momentum and have begun to implement strategies to mobilize public opinion. As market developments continue to occur, stakeholder interest will grow due to the immense market opportunity. However, with a cloud of uncertainty covering the market, stakeholders will need to continue to rally at events like SBGI before India finds a place on the gaming industry's mainstage.

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