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Regulatory arbitrage: arbitrage in the fantasy sports industry in India: the dream11 gambling laws paradox of skill-based gaming

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Abstract:
The skyrocketing influx in the online fantasy sports platforms in India has elicited a major legal and regulatory controversy on whether the platforms could be classified as skill-based gaming or as gambling. The legal structure that platforms such as Dream11 are operating under is based on the Public gambling Act of 1867, which allows games of skill and not gambling. This paper examines whether fantasy sports websites take advantage of this legal distinction by engaging in regulatory arbitrage and have economic structures which resemble gambling markets. The study provides a conceptually and analytically based methodology that relates on the platform economics to analyze the structural nature of fantasy sports contests and broader governance landscape they operate in. It is analyzed in terms of how contests are designed, how revenue structures function on a commission basis, anticipated anticipated player value and how behavioral engagement mechanisms are designed into platform interfaces. Results show that fantasy sports websites are digital middlemen who are collecting revenue in commissions-based contests and focusing prize payouts on a minimal percentage of the players. The expected value analysis results in the negative average value returns in a majority of users by use of the platform commissions and uneven distributions of the rewards to the users in case they use the platform repeatedly. Moreover, the platform design characteristics like multiple rounds of contests, minimal entry barrier, and big prizes on the surface make users engaged. The research also concludes that regulatory fragmentation in India is high whereby the skill versus chance doctrine among states can be interpreted to enable the fantasy sports sites to be used within the legal grey area. Through legal and economic appraisal coupled with behavioural insights, the study illuminates systemic motivations of the regulatory arbitrage of the fantasy sports industry in India. The paper contributes to the emerging literature on digital gaming regulation and platform governance and offers policy-relevant information on the development of moderate regulatory structures that are not likely to hurt legal digital entertainment sector but, rather, to ensure that consumer protection issues are addressed.

Keywords:
Regulatory arbitrage, fantasy sports websites, Dream11, skill versus chance doctrine, platform economics, online gaming regulation, behavioural economics, and digital platform governance.

1. Introduction:

The rising in the field of digital platforms has brought a revolution in gaming and entertainment sectors across the globe introducing the new forms of interactive participatory engagement and the lack of distinctions between the activity of skill-based gaming and gambling. These developments have also seen online fantasy sports sites comprise a significant portion of the digital sports economy. Fantasy sports allow users to create virtual teams consisting of real-life sport athletes and to play against one another by the statistical performance of the real world sportsmen in the real world sporting activities. Although fantasy sports were first created as recreational engagement tools, the commercialization of fantasy sports, primarily in the form of daily fantasy sports (DFS) contests of paid entry, have elicited significant legal, economic, and regulatory concerns in various jurisdictions (Holden, 2017; Gainsbury et al., 2015).Among the world fastest growing markets of fantasy sports is India. The growth in the industry has been huge in the past ten years due to the increasing internet penetration, adoption of smartphones and commercialisation of the professional sports leagues such as Indian Premier League (IPL). Social networks such as Dream11, My11Circle and MPL have registered millions of users who participate in fantasy paid leagues related to cricket, football, basketball and other sporting tourism. Dream11, a market leader, boasts of over 140 million registered users and has also become a unicorn with valuation of over USD 8 Billions (Federation of Indian Fantasy Sports, 2024). According to industry estimates, the Indian fantasy sports industry has a yearly revenue of over INR 3,000 crore, which shows that there is huge potential to monetize sports based digital platforms.Regardless of this tremendous

growth, the legal framework of fantasy sports in India remains controversial due to the complex regulatory framework of gambling and gameplay activities. The primary legislation that regulates gambling in India - the Public Gambling Act of 1867 - provides gambling as illegal, but an exception to games that involve only mere skill. Judicial interpretations have helped to establish this distinction between games of skill and games of chance in a number of landmark cases including K.R. Lakshmanan v. In the year 1996 the Supreme Court of India in the case of State of Tamil Nadu declared the so-called test of the preponderant factor as the games where the skill is the preponderant factor and not the chance will not be treated as gambling. The interpretation of this law to consider fantasy sports as a skill-based competition rather than a gambling activity is extensively applied by the operators of these sports (Sachar and Singh, 2021).Nevertheless, the applicability of the dichotomy of skill versus chance to more contemporary digital gaming platforms has been questioned by researchers and policy makers. In contrast with the old fashion games of skill like chess or bridge, the results of fantasy sports are very dependent on the external forces that the players cannot control, like the fluctuation in the performance of a player, injuries, weather conditions and match dynamics. Empirical research studies have made the postulation that the external variables such might bring a lot of randomness that can substantially affect the results of the contests. This has led to criticism that the legal division of fantasy sports being considered as skill based contests might be not a true reflection of the probability of such contests.Besides the legal matters, the economic platform of fantasy sports has been the subject of focus. The most common model of revenue that most fantasy sports operators apply is based on contest commissions or "rake" whereby the platform takes a percentage of the total entry fees and sends the rest of it to prize money. It is analogous to the revenue mechanisms applicable to gambling markets like poker tournament or sports betting exchange where the operator still wins whether the contest is won or not (Evans, 2003). Economically, these models can create systemically negative expected returns to the participants, particularly when large contest pools of participants funnel payout of prizes onto few winners. Both platform commissions and unequal reward distributions lead to significant concerns regarding the levels of fairness and transparency of fantasy sport competitions.The other significant side of the fantasy sports controversy is related to behavioural economics and the engagement systems that were designed into online platforms. Gambling studies indicate that variable schedules of reward, near misses and loss chasing behaviour, are some of the structural features that can greatly influence user participation and can actually culminate in problematic gambling behaviour (Parke and Griffiths, 2007; Schull, 2012). The implementation of these behavioral reinforcement mechanisms is particularly effective with digital tools due to the opportunity to monitor the activity of the user and customize the strategies of engagement through algorithmic tools. Researchers have subsequently contended that online gaming platforms can be designed to affect the decision-making process in a manner that transcends the conventional recreational involvement (Pasquale, 2015).The fantasy sports are regulated in a variable and highly diverse manner across various jurisdictions, based on a spectrum of opinions regarding the character of the skill verses chance distinction, and on varying degrees of concern regarding consumer protection. In the UK, fantasy sports tournaments where money is used are regulated by the broader impacts of the gambling legislation, and are approved by the UK Gambling Commission. Equally, Australia has been moving towards more highly regulated day-to-day fantasy sports by incorporating them into the current frameworks of gambling regulation, having found them harmful to the consumer after a finding of consumer harm based on evidence of consumer harm (Gambling Commission, 2023). Conversely, the United States is currently working with a patchwork of rules and various individual states determine whether fantasysports activities are illegal or not, so creating a patchwork of regulatory outcomes (Holden, 2017).India is equally having a scattered regulatory environment due to delegation of gambling to state governments under Article 214 of Indian constitution. Some states such as Andhra Pradesh, Telangana and Tamil Nadu have attempted to limit or ban some forms of online gambling with monetary gains. Nevertheless, legal decisions in the courts and ambiguity in its regulations have caused a mixed application and ongoing legal disputes. At the same time, the central authorities have been conservative and proposed draft online gaming regulations and taxation measures without establishing a detailed regulatory framework of fantasy sports platforms.In this respect, regulatory arbitrage can be viewed as an analytical tool applicable in studying the development of the fantasy sports industry. Regulatory arbitrage Regulatory arbitrage is the deliberate application of legal gray or inconsistencies in regulatory regimes by firms to operate in a manner that it avoids more stringent forms of regulation. The digital platforms that work internationally are particularly well-structured to do this type of practice due to their adaptability to the platform design, the legal classification and geographical availability to the available regulatory situations.It is against this backdrop that this paper explores the topic of regulatory arbitrage in the Indian fantasy sports sector specifically with reference to the example of Dream11 as the market leader. The study seeks to discuss the economic model of fantasy sports tourism, investigate how behaviour design functions can give rise to user participation, and discuss existing regulatory loopholes that enable fantasy sports systems to exist in a legal

grey space. The study, integrating the insights generated by the legal analysis, the economics of platform, and the behavioral research, enters the existing discussions on the claims of how digital gaming platforms ought to be controlled and with the possibility of new regulatory structures that are capable of managing the new manifestations of online economic activity.

2. Literature Review:

This paper focuses on the issue of skill versus chance in the regulation of gambling.The distinction in games of skill and games of chance has always been used as the legal classification of gaming operations. The gambling laws in most jurisdictions have a ban on games of chance where the element of chance is predominant, and permits games of gambling where the element of skill is predominant. The Indian context finds its origin in the Public Gambling Act of 1867 that outlaws gambling houses, but not games that require mere skill. This difference has been reinforced by judicial interpretations through the predominant factor test that states that games can be proclaimed lawful in case skill is the dominant factor in the result of a game. This is the principle declared in the case of K.R. Lakshmanan v by the Supreme Court of India. The case of State of Tamil Nadu (1996) it was stated that the games in which the factor of skill dominates over chance do not fall under the purview of the gambling law (Sachar and Singh, 2021).Nevertheless, the concept of skill-chance dichotomy has been found problematic by legal scholars in terms of managing the contemporary digital gaming settings. According to Findlay and Blaszczynski (2020), in the majority of games, there is some amount of skill, as well as chance, and thus the category becomes problematic when applied to more complicated digital platforms. This is because operators are able to design games that fit the formal legal standards of skill yet contain large portions of probabilistic aspects. This is a regulatory grey zone that has given a chance to the newer digital gaming industries whereby they have been in a position to operate in the legal grey areas.The debate on legal classification is even more complicated by empirical studies on fantasy sports contests. Individually examining a number of fantasy cricket competitions conducted on Indian platforms, Rajagopal (2022) found that a considerable share of the results of the contests was influenced by extraneous factors, including the variation of the performance of the players, injuries and the state of the match. These results imply that, as long as the decision-making processes that are strategically combined during the selection of the teams take place, the final ends largely rely on the real world sporting events, which are beyond the influence of the participants. As a result, some scholars have come up with an idea that the legal presumption of predominant skill is not sufficient to reflect the probability nature of fantasy sports competitions.

2.2. Platform economy and regulatory arbitrage:

The emergence of fantasy-sporting websites can also be described within the scope of digital platform economy. In a two sided market structure, Rochet and Tirole (2003) define platforms which have intermediaries between different groups of users. Platoons in the ecosystem of fantasy sports Facilitating fantasy sports competitions between sports fans and receiving income fees on transactions or commissions on entry pools.

In the context of such digital platforms, companies often reap on the imprecisions of the rules to maintain the flexibility of the operations. This is commonly referred to as regulatory arbitrage whereby companies would plan their operations in such a way that they would be within the gaps of the law or incoherent regulatory practices. According to Gainsbury et al. (2015), it is common that there is an accommodation of online gaming platforms in the types of contests, payment models, and type of platform classification to fit within the current legal categories that are not classified under stricter gambling regulatory frameworks.The possibility of regulatory arbitrage is even higher due to the fact that platform-based markets are digital. The online platforms work across several jurisdictions, and this fact makes it possible to combine their working policies according to the regulation situation in the area. According to Holden (2017), in the United States the fantasy sports industry expanded to have a great deal of regulatory uncertainty due to the enactment of the Unlawful Internet Gambling Enforcement Act (UIGEA) of 2006, which created a special exemption in fantasy sports contest. This exemption was useful to the industry despite the ongoing controversies over the gambling-like quality of the daily fantasy sports platforms.

2.3. Gambling participation and behavioural economics:

Behavioral economics of gambling participation has also been another viable area of literature relating to fantasy sports. Conventional economic theories suppose that people are making rational choices after making calculations regarding the expected utility. Behavioral economists have however demonstrated that behavioral decision-making under risk is prone to cognitive bias and psychological heuristics. Prospect theory refers to the theory that is formulated by Kahneman and Tversky (1979), which explains why people value gains and losses differently, and losses are more psychologically oriented than gains of the same magnitude.It has been argued that gambling behavior can be influenced to some extent through structural features of games, which can increase these bias in behavior. According to Parke and Griffiths (2007), structures that facilitate further gambling behavior include fast cycles of reward, near miss events and unpredictable schedules of reward.

These mechanisms are capable of developing high levels of engagement patterns even in the case of negative expected financial gain of engagement.The findings of ethnographic studies on electronic gambling machines as performed by Schull (2012) help to shed light on how game design characteristics can be utilized to allow the user to achieve maximum immersion by creating cycles of play. Digital gaming platforms can also apply similar principles, as algorithm-driven systems of user-tracking and personalized engagement strategies can be applied at these platforms. According to Pasquale (2015), algorithmic control in online platforms, enables the controllers to process high volumes of behavioural information, which can theoretically empower them to design the platforms in such a way that they can affect the decision-making of the users.Regarding fantasy sports, such mechanisms of behavior can be present in such platform features like the frequent availability of contests, low entry fees, huge jackpot prizes, and visible victories. Although these features make users more involved and engageable, they may also lead to a similar environment that proves to be the same as those that occur in gambling settings. Consequently, researchers have raised alarm regarding the potential overlap of fantasy sports participation and patterns of behavior involving gambling.

2.4. Regulatory policies in the global frontier to deal with fantasy sports:

In various jurisdictions, different perceptions of the distinction between skill and chance and the extent to which the activity is of regulatory interest vary among jurisdictions, and regulatory responses to fantasy sports vary widely. In the United Kingdom fantasy sports competitions involving financial prizes are also regulated on a more detailed scheme of gambling activities and are licensed by the UK Gambling Commission. Deposit limits, identity verification procedures and responsible gambling programs are consumer protection requirements that licensed operators should meet (UK Gambling Commission, 2023).The regulating system in the United States is rather disorganized due to the federalism of gambling regulation in the United States. Although the UIGEA has allowed a carve exception of fantasy sports contesting at federal level, the states still remain empowered to license or ban the same. Consequently, fantasy sports are permitted by a licensing regimein some states and prohibited or limited in others (Holden, 2017).Australia has been more of a precautionary approach in the recent years by considering the fantasy sport platforms within the existing gambling regulation frameworks due to the reason of consumer harm and the possibility of gambling addiction. The same tendencies may be observed in several European jurisdictions, where regulators have looked at consumer protection measures and transparency requirements of digital gaming operators.Conversely, there is no existing Indian regulatory framework of fantasy sports platforms. The control over gambling is still mainly left to the state governments and consequently various states have varied understanding of the law. The state has attempted to impose limitations on the online gaming using money but some states still permit fantasy sports activities as part of the skill-based category of gaming.

2.5. Research gap:

Although there is increasing research on gambling regulation and online gaming systems by researchers, various gaps in existing literature are present. To begin with, a large part of the Indian literature on fantasy sports is devoted to the commentary of the laws instead of empirical and economic research on the form of the contests and the results of the contests to the users. Second, there is almost no research that has been done that explores the business models of fantasy sports platforms through the prism of platform economics and revenue extraction mechanisms. Third, the behavioral research on the fantasy sports participation in the Indian setting is quite scant.To respond to these gaps requires interdisciplinary work of analysis that involves legal analysis, economic modeling and behavioral research. The current study aims at providing a holistic picture of regulatory arbitrage in the fast-growing fantasy sports industry in India by examining the economic structure of fantasy sports contest, the behavioral mechanisms that are implemented in the platform design, and the regulatory condition that led to the growth of the industry.

3. Conceptual framework and methodology:

3.1. Conceptual framework:

The online fantasy sports has generated much discussion on whether they should be treated as sports and how they should be regulated because of the booming nature of the online fantasy sports. The platforms are on the intersection of digital platform economics, behavioral decision making and gambling regulation. To explain this phenomenon, it is necessary to combine the ideas of platform theory, behavioral economics, and regulatory governance based on the conceptual model.Fantasy sports sites become intermediaries in the digital world and provide competition to players and receive income as a platform fee. In the literature on the economics of such systems are usually categorized as two sided markets in which a platform facilitates interaction between parties of users, and the platform extracts value through transaction fees (Rochet and Tirole, 2003). In fantasy sports, the fantasy sports platform links sports fans who are exposing themselves to sports competitions and earns revenue through entry fees and commission based revenue systems. Fantasy sports unlike the conventional

betting operators assume the risk of betting as contest organizers who charge a fixed percentage of the overall total entry pools, independent of the outcomes of the contests.Nevertheless, contest structures may be designed in a way that significantly influences the economic results of the participants. Platforms determine critical areas of entry, allocation of prizes, contest size and commission rate. These structural features dictate the expected worth of involvement and financial results that are realized among the users. Once the rake or commission that the platform gathers is high, the net returns of the subjects will be negative in several rounds of playing. In this regard, an economic form of contests can be comparable to the processes of revenue collection that have been found in gambling markets.The other means of explaining why people still engage in such contests even when expected returns are unfavorable is through the understanding of behavioral economics. Prospect theory suggests that individuals do not signal gains and losses in the same manner and are highly repulsive to losses and attracted to risks in an attempt to recuperate past losses (Kahneman and Tversky, 1979). This kind of behavior can be intensified with structural design features that encourage repeated actions by using digital platforms. One can receive incentives to continue participating in a system with large prize pools on the display, variable reward schedules, and near-misses, and experience an incentive to remain engaged even when the probability of winning is low.In the online sphere, it is possible to monitor the activity of users and modify the strategy of engagement with the help of algorithmic systems. Algorithms Theorists consider that data-based algorithms can control the actions of the participants by influencing their interface design and providing them with specific incentives (Pasquale, 2015). Frequent cycles of competitions, low barriers to entry, and high-profile winner stories are examples of engagement mechanisms used in the fantasy sports ecosystem to create feedback loops of behavior that serve to retain engagement.These dynamics of platforms can be explained through the concept of regulatory arbitrage in terms of their regulatory implications. Regulatory arbitrage refers to how firms so-plan their activities to exploit loopholes, lack of clarity or inconsistency between the current regulatory frameworks. When applied to fantasy sports, the games of skill and games of chance are divided by a legal distinction to define that the services are games of competitions, and not gambling. This classification allows operators to avoid regulation which is typically mandatory to gambling industries including licensing requirements and consumer protection.The theoretical model that will be used to conduct this study is, therefore, a unification of three dimensions of analysis platform contest structure, behavioral engagement mechanisms and regulatory classification. The design of the contests incorporates the elements of user participation in the contest and financial and behavioral reinforcement to motivate user participation. These attributes of a platform intersect with legal definitions of gaming activities to provide a scenario where fantasy sports platforms are able to operate within regulatory grey spaces. The interaction of these dimensions eventually results in the so-called regulatory arbitrage, so that platforms are accumulating economic value but are cushioned, in some measure, by regulatory regulation.Using this structure, the research will determine the compatibility between the structural design of fantasy sports events on the one hand, behavioral engagement processes with current conditions of regulation so that they can expand the fantasy sporting platforms in the Indian digital gaming environment on the other hand.

3.2. Research design:

The study follows a qualitative-analytical research design to examine the regulatory nature of fantasy sports platforms that entails a legal analysis, modelling and conceptual analysis of the behaviour of a platform. This approach also gives the option to the research to incorporate into the study phenomenon of regulatory arbitrage based on various approaches of analysis rather than through a single methodological approach.Most of the current study is founded on the secondary data sources and the documented contest systems, operated by fantasy sports platforms that are already in operation in India. The secondary research is appropriate in this study as all individuals can observe the operation of platforms, the nature of the contests, and the system of regulations via platform interfaces, regulations documents, industry reports, and past scholarly researches. By relying on these sources, it is possible to develop a systematic study on how the fantasy sports competitions are organized and how these structure interrelate with regulatory categories.

3.3. Data sources:

There are numerous types of secondary data that are considered in the analysis to create a complex image of the fantasy sports ecosystem. First, network structures and entry modes were examined based on description of fantasy sporting platforms and contest systems presented in open view. These sources include the data concerning the entry fees, structure of prize pool, limits on the number of participants and commission rates.

Second, legal judgments were examined on regulatory documents and legal judgments related to gambling laws to examine the legal status of fantasy sports in India. The major sources are a number of statutory laws on gambling activities, court reviews on the doctrine of skill verses chance and policy guidelines on the regulation of online gambling.Third, the fantasy sports industry was placed in economic terms and the nature

of operations by the use of industry reports and scholarly research. These resources provide an approximation of market size, involvement of the users, and platform revenue models.

3.4. Analytical approach:

Three forms of analysis are applied to the analysis of the fantasy sports ecosystem in the research.The legal analysis of regulation of gambling in India is the first part. The present analysis is based on the sense of the identification of the difference between skills and chance and explores the degree to which fantasy sports platforms present their services in the framework of this legal framework. Cases and policy documents that are reviewed are those that look at how the regulatory bodies perceive fantasy sports contests.The second element is the economic study of contest structures. The analysis is based on the expected value of a fantasy sports competition based on the entry fees, prize distributions and platform commission. The method makes the study be able to establish whether there exists systematic financial advantages of the platform over participants due to the economic organization of contests.The third component of analysis is concerned with the mechanisms of behavioral engagement, which have been implemented into the design of platforms. According to the literature about behavioral economics, structural features such as variability of rewards, near-miss outcomes, and frequency of competitions are employed in analyzing the possible impacts of platforms design on the participation patterns of the users.

3.5. Analytical integration:

The findings of these elements of analysis are pooled to know whether the fantasy sports platforms operate based on regulatory arbitrage. In case contest structures have negative expected returns to most participants and platforms remain legally defined as a skill-based services, then there might be some form of regulatory misfit between the economic reality in the operation of the platform and how they are currently defined in legal terms.With an integration of legal analysis, economic modelling and behavioural analysis, the methodology provides a multipolar approach to knowing the relationship between the design of the platform and the regulation of the industry in terms of fantasy sports in India. This contribution area facilitates the study in determining structural conditions by which fantasy sports platforms have been allowed to thrive in the regulatory grey spaces and extend their operations to the fast-growing digital sports economy.

4. Results and discussion:

This section discloses the results of the economic investigation of the contest structures, behavioral properties of the fantasy sports participation, and the regulatory circumstances that are the impacts upon the functioning of fantasy sports platforms in India. The findings underscore the impact of a combination of contest architecture, platform incentive, and regulatory loopholes in the facilitation of fantasy sport platforms expansion with economic benefits to the operators.

4.1 Fantasy Sports Contests have a certain economic structure as well, as discussed in :

The initial step of the analysis was the economic analysis of fantasy sports contests with the analysis of entry, prize pool distribution, and platform commissions. The majority of fantasy sports sites are run on a commission basis commonly known as a "rake" where the fantasy sports site removes a percentage of the total entry fees and then awards prize money to entrants.A review of typical contest formats reveals that the platform is generally charging commissions of 10-20 percent of the overall contest pool. This architecture is such that the platform does not lose any revenue of the contest wins. Table 1 provides a simplified sample of a typical contest format on the basis of publicly available platform formats.

Table. 1: standard fantasy sports competition:

Component	Example Value
Entry Fee per Participant	[?]100
Number of Participants	1,000
Total Entry Collection	[?]100,000
Platform Commission (15%)	[?]15,000
Prize Pool Distributed	[?]85,000
Percentage of Winners	25-30%

The above-presented structure proves that the platform will generate income on commissions prior to the delivery of prizes. Since they are not even involved with the contest itself, the revenue of the platform is not dependent on the results of the participants. The model is similar to revenue mechanisms applied in gambling markets like poker tournaments, sports betting exchanges, and so on, where the operator receives a percentage of the amount wagered by participants.

4.2. The expected value of participants is presented herein:

In a bid to assess the economic implication of contest participation, the expected value (EV) of contest participation was computed depending on the common contest format. Expected value is the average payoff that a participant can get by constantly engaging in contests.

Based on the contest structure demonstrated in Table 1, the approximate value of the expected value can be achieved by using the prize distribution and proportion of winner. With 30% of participants being given prizes and a platform being given a commission of 15 percent, the expected average pay-off per participant is negative when platform charges are included.

Table 2: Typical expected valuating calculation:

Variable	Value
Entry Fee	[?]100
Probability of Winning	0.30
Average Prize Value	[?]283
Expected Return	[?]85
Net Expected Value	-[?]15

The value of -[?]15 is expected to be negative, which means that the participants lose an average of 15 percent of their entry fee in the repeated contests. This conclusion is in line with economic simulations of commission-based gaming markets in which the platform takes value in the form of transaction fees. Although the individual participants can have a great prize, the structure of the contest guarantees that the aggregate returns of the participants are negative in the long-run.This is further supported by concentration of the distribution of prizes. Fantasy sports competitions often disbursed a high percentage of the total sum of prize money to a few players who have broken into the top ranks and those who have won at the bottom of the ranking are given insignificant amounts that are likely to be only slightly higher than the entry fees.

Table 3: Common distribution pattern of prizes:

Rank Category	Share of Prize Pool
Top 1%	50-60%
Next 9%	20-25%
Remaining Winners	15-20%

This distorted distribution pattern exposes large prizes more and keeps the average returns minimal to the majority of participants. These systems form powerful motivations to take part by emphasizing huge jackpot wins and statistically reducing the chance of high returns to the majority of the users.

4.3. Mechanisms of engagement behaviors:

In addition to economic systems, fantasy sports sites utilize design icons which promote recurring use. According to research on behavioral economics, some structural aspects of games may support the user engagement despite negative expectation returns. A significant aspect that can be noted when it comes to fantasy sports sites is that quite often there are contests with minimal entry fees. Such small-entry competitions lower the risk perception of participating in the contest in monetary terms but entice users to participate in several contests at the same time. Highly valued headline prizes also make the contests even more appealing regardless of the low chances of winning such prizes.The other behavioral mechanism is near-miss outcome. Participants who lose a bit short of prize-winning positions might still feel that they were close to winning and this may lead to their participation again. This has been well recorded in studies on gambling as a factor that promotes repetitive involvement.The announcements of winners and high-value prizes are also widely displayed in marketing campaigns and user interfaces. This visibility may lead to the social proof effects that may affect perception of winning by the user. When viewers are constantly shown cases of big winnings, they can overrate their possibility of reaching such results. Such elements of behavior do not necessarily mean manipulation intentionally, but they demonstrate how platform architecture can influence the patterns of user engagement in manners that are similar to engagement techniques employed in other types of digital gaming and gambling experiences.

4.4. Fragmentation of regulations in india:

The regulative review showed a high level of fragmentation in the regulation of fantasy sports sites in India. The regulation of gambling is mainly a state level issue in the Indian constitution with the resultant effect that the states have a different mode of regulation.Individual states have made efforts to limit online gambling games where participants gamble with money and some have permitted fantasy sports websites to play in the category of skill based tourism. Case law decisions have also complicated the regulatory environment because fantasy sports contests are considered as skill-based games.This disjointed regulatory framework is such that fantasy sports can be run in jurisdictions where regulatory regimes are friendly and where access is limited in states where bans exist. The digital platforms have the possibility of establishing geolocation limitations to

meet the requirements of regional regulations, which will enable them to remain operational in the national market at large.

4.5. Interpretation of findings:

The findings indicate that the fantasy sports ecosystem functions based on the interaction of economic incentives, mechanisms of behavioral engagement and control. The commission-based competition model allows platforms to create regular monetization streams, whereas behavioral design aspects keep users committed. Meanwhile, regulatory fragmentation is enabling platforms to exist in the grey areas of the law that the classification of skill versus chance generates.The combination of these elements portrays how digital game-based platforms can grow in new markets and operate in complicated business regulations. This interaction is crucial to the policymakers who want to come up with moderate regulation policies that will meet the consumer protection issues and yet also enable the legitimate digital entertainment sectors to mature within the proper context of governance.conclusion 300 words

5. Conclusion:

The example of the fast development of fantasy sports platforms in India depicts how the digital platform economies can adapt to ambiguous and rather complicated regulatory frameworks. This paper discussed the organizational nature of fantasy sports tournaments, the psychology underlying the behavior of users to participate in such events, and the rules of regulation that allow such services to become accepted by the current legal system. Combining the findings of platform economics, behavioral studies, and legal studies, the analysis provides a detailed picture of the processes of the development of fantasy sports platforms in India.The results suggest that the structure of fantasy sports contests is mostly founded on the commission-based revenue collection. Whereas pools are collected, platforms take a predetermined percentage of entry pools and allocate the rest of the money as prize money. The model will provide the operators with constant revenue regardless of the results of the contest. The anticipated value test shows that these commission schemes may yield a negative average payoff on the participants in successive competition though the individual user might occasionally gain huge profits. This tendency is further supported by the concentration of the distributions of prizes among a very small percentage of the participants.The paper also points out the importance of engagement system through behavioral engagement that is embedded in the platform design. The presence of low entry barriers, cyclic contest nature, and a high level of promotion of large prizes are such features that promote large participation in the use. Such processes are consistent with the previously known results in the field of behavioral economics, which demonstrate that people tend to undervalue risks and overvalue potential profits in uncertain situations.Regulatively, the case study indicates that fantasy sports exchanges are in a disjointed regulatory framework in India. The legal difference between a game of skill and a game of chance has continued to be of central importance in the definition of fantasy sports contests. Nevertheless, state-level regulation and changes in judicial interpretations have resulted in a regulatory environment where there is neither certainty nor consistency.Comprehensively, the paper proves that the relationship between platform design and user behavior, along with regulatory ambiguity, is a significant factor in determining the future of the fantasy sports industry in India. With the ever growing digital markets in the gaming industry, there might be a need by the policy makers to look at regulatory models that will maintain a balance between innovation in the digital entertainment market and consumer protection and market transparency.

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