



ONLINE GAMING - GS II AND III MAINS

Q. The meteoric rise of online gaming has brought with it an array of concerns such as addiction, mental illness, suicides, financial frauds, privacy and data security concerns. Critically analyse (15 marks, 250 words)

News: *Regulating India's online gaming industry*

What's in the news?

- The meteoric rise of online gaming has brought with it an array of concerns such as addiction, mental illness, suicides, financial frauds, privacy and data security concerns.

Online Gaming:

- Online gaming can refer to any type of game that someone can play through the Internet or over a computer network.
- Most of the time, it refers to video games played over the Internet, where multiple players are in different locations across the world.

Online gaming in India:

- The revenue of the Indian mobile gaming industry is expected to reach \$5 billion in 2025.
- The industry grew at a compound annual growth rate (CAGR) of 38 percent in India between 2017-2020, as opposed to 8 percent in China and 10 percent in the US.
- It is expected to grow at a **CAGR of 15 percent to reach Rs.153 billion in revenue by 2024**, as per a report by VC firm Sequoia and management consulting company BCG.

Reasons for online gaming boom in India:

- Digital India boom in the gaming industry
- Narrowing of the digital divide
- IT boom
- Growing younger population
- Higher disposable income
- Inexpensive internet data
- Introduction of new gaming genres and
- Increasing number of smartphone and tablet users.



Advantages of Online Gaming:

1. Entertainment:

- There are several available and new games that create a variety for a player to choose from. In countries where there is the availability of broadband internet, online gaming has become a staple kind of entertainment.

2. Earning:

- It is also possible to gain cash via online gaming as a result of winning games. This can earn the players a lot of money as long as one has the skills and talent for online gaming.

3. Avoid life threatening behaviour:

- Online gaming is advantageous as it can occupy the mind and avoid people, especially youths from getting involved in life threatening behaviour such as drug taking and joining youth gangs.

4. Gaming knowledge:

- At least online gaming is more constructive.
- Online gaming can also help expand and improve gaming knowledge and also experience.

5. Competition behaviour:

- Online gaming also encourages competition.
- One player competes against others playing the same game so as to win more money.

6. Sharper people:

- Online gaming is that it makes a player **mentally active** and sharper too.

Concerns of Online Gaming:

Stakeholders have highlighted a number of societal concerns that can arise from the proliferation of online games in the country.

1. Addiction:

- It may cause addiction and time meant for other activities may be consumed in online gaming.
- It is an absolute challenge for parents to supervise and monitor their children and their activities in order to prevent addiction.

2. Harassment and abuse:

- Online harassment may also occur especially with children who get involved in online gaming.
- Children playing games online may lead to online abuse.

3. Social isolation:

- Social isolation due to over indulgence is one of the consequences.
- Increased aggression, negative academic and occupational consequences.
- Lack of physical activities/hobbies.

4. Access to unsafe content:

- Access to unsafe content/ **age inappropriate content**.
- Parents need to see the intricacies with which online gaming and **pornography** is linked.
- If kids play online, that is a pornographer's heyday for marketing, grooming and hooking young consumers.



5. Increasing suicide:

- There have been a number of reported incidents of people losing large sums of money on online games, leading to suicides in various parts of the country.
- Earlier, the World Health Organisation (WHO) had announced a plan to include “**gaming disorder**” as a mental health condition.

6. No regulatory framework:

- There is currently no regulatory framework to govern various aspects of online gaming companies such as having a grievance redressal mechanism, implementing player protection measures, protection of data and intellectual property rights, and prohibiting misleading advertisements.

7. Threat to Data privacy:

- Inadvertent sharing of personal information can lead to cases of cheating, privacy violations, abuse, and bullying.

8. Betting and gambling:

- Online games based on the traditional ludo, arguably the most popular online game in India, have run into controversy, and allegations of betting and gambling.

Proposed measures in the draft rule:

The proposed rules, aimed at safeguarding users against potential harm from skill-based games, have been introduced as an amendment to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021. The attempt is to regulate online gaming platforms as intermediaries and place due diligence requirements on them. The several proposed measures in the draft rules are as follows.

1. Establishment of a self-regulatory body:

- The self-regulatory body will have a board of directors with five members from diverse fields, including online gaming, public policy, IT, psychology and medicine.
- **Self-regulatory bodies will be registered with the MeitY.**
- There could be more than one self regulatory body and all of them will have to inform the Centre about the games they have registered along with a report detailing the criteria for registering.

2. KYC norms:

- Collection of know-your-customer (KYC) information is mandatory from players for verification.
- Like an intermediary, online gaming firms will be required to undertake additional due diligence, including KYC of users, **transparent withdrawal and refund of money and a fair distribution of winnings.**
- For KYC, they will have to follow norms laid down for entities regulated by the Reserve Bank of India (RBI).

3. Grievance redressal:

- Similar to social media and e-commerce companies, online gaming platforms will also have to appoint a **compliance officer** who will ensure that the platform is following norms.



- A **nodal officer** who will act as a liaison official with the government and assist law enforcement agencies and a **grievance officer** who will resolve user complaints.

4. Regulated games:

- Games that are cleared by the regulatory body will be only allowed to legally operate in India.
- The government may also regulate the content of online gaming, and “**ensure that the games do not have violent, addictive or sexual content.**”
- It must ensure that the registered games don’t have anything “which is not in the interest of sovereignty and integrity of India, defence of India, security of the state, friendly relations with foreign states or public order or incites the commission of any cognizable offence relating to the aforesaid.

5. Prohibits wagering:

- **Online gaming companies will not be allowed to engage in betting on the outcome of games.**
- Self regulatory body will determine what constitutes prohibited wagering.

6. Randomisation:

- Gaming companies will also have to secure a random number generation certificate, which is typically used by platforms that offer card games to ensure that game outputs are statistically random and unpredictable.
- They will also have to get a “**no bot certificate**” from a **reputed certifying body.**

7. Due diligence:

- Online gaming intermediaries shall exercise due diligence to ensure that online games with gambling, betting are not permitted.

Need of draft rules:

1. Safeguarding the Users:

- Safeguarding users against potential harm from skill-based games.
- The attempt is to regulate online gaming platforms as intermediaries and place due diligence requirements on them.
- It will promote the online gaming sector and encourage innovation.

2. Safety of Women:

- Around 40 to 45 percent of the gamers in India are women, and therefore it was all the more important to keep the gaming ecosystem safe.

3. Regulating revenue generation:

- The revenue of the Indian mobile gaming industry is expected to exceed \$1.5 billion in 2022 and is estimated to reach \$5 billion in 2025.
- The industry grew at a CAGR (compound annual growth rate) of 38 percent in India between 2017-2020, as opposed to 8 percent in China and 10 percent in the US.
- It is expected to grow at a CAGR of 15 percent to reach Rs 153 billion in revenue by 2024.

4. Transparency & Credibility:

- This framework will boost the legitimate domestic online gaming industry, ensuring greater transparency, consumer protection and investor confidence.



5. Encouraging Startups:

- Online gaming is a very important piece of the start-up ecosystem and a part of the goal of the 1trillion dollar economy.

WAY FORWARD:

- 1. Censoring:** Minors should be allowed to proceed only with the consent of their parents - OTP verification on Aadhaar could resolve this.
- 2. Awareness:** Gaming companies should proactively educate users about potential risks and how to identify likely situations of cheating and abuse.
- 3. Regulating mechanism:** A Gaming Authority in the central government should be created.
- 4. Accountability of the gaming company:** It could be made responsible for the online gaming industry, monitoring its operations, preventing societal issues, suitably classifying games of skill or chance, overseeing consumer protection and combatting illegality and crime.
- 5. All-encompassing legislation:** The Centre should formulate an overarching regulatory framework for online games of skill. India must move beyond skill-versus-chance debates to keep up with the global gaming industry.
- 6. Power to states:** The Centre's draft remains ambiguous on the question of whether States can have additional restrictions. So, the state should provide with additional powers in respect to their local situation.
- 7. Definition of online games:** The government has indicated that the definition of an 'online game', which is limited in the draft amendment to wagering platforms, may be expanded in future to include all games broadly.

The government has said the goal is to facilitate the industry and not hinder its growth. It has also indicated that in future, it will try to curb "violent, addictive or sexual content" in video games. There should be **widespread public consultation to ensure that economic rights, individual freedoms, and social imperatives remain in balance.**