

Draft amendments proposed to regulate online gaming

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In news– The Ministry of Electronics and Information Technology has recently released draft amendments to the IT intermediary rules 2021, pertaining to Online Gaming for public consultations.

Draft amendments-

- The **draft has been prepared to ensure that online games should be offered in conformity with Indian laws** and that the users of such games be safeguarded against potential harm.
- In December 2022, the Government through a gazette notification, notified change in Allocation of Business rules **designating Meity as the nodal ministry for online gaming related concerns.**
- Government aims for the online gaming ecosystem to expand & grow and be an important catalyst to India's One trillion dollar Digital economy goal by 2025-26.
- The draft has **proposed a self-regulatory mechanism** which, in future, may also regulate the content of online gaming and ensure that the games do not have violent, addictive or sexual content.
- **As of now, the age gating is 18 years** and the Government would like to keep it that way and see if the present framework works to expand the innovation ecosystem around online gaming while keeping it safe & trusted for gamers.
- The Ministry has said that around 40 to 45 percent of the gamers in India are women, and therefore it was all more important to keep the gaming ecosystem safe.
- The draft rules have strict provisions against betting and wagering. The online games that allow wagering on

the outcome are effectively a no-go area.

- The proposals are aimed at safeguarding the interests of users by introducing set procedures and norms for verification and user engagement.
- More importantly, the **draft proposal defines what constitutes an 'online game'. It is "a game that is offered on the internet and is accessible by a user through a computer resource** if he makes a deposit with the expectation of earning winnings".
- 'Winning' constitutes any prize, in cash or kind, intended to be given to the participant "on the performance of the user and in accordance with the rules of such online game".
- This addresses the discourse in the sector about the definitions of a 'game of skill' and 'game of chance'.
- **The term 'game of skill' had been used in the Public Gambling Act (1867) but had not been defined.**
- The proposal endeavours to provide for greater transparency. **The game operators would have to verify users on the platform and provide them with the terms of services.**
- **For the monetary aspect of it, operators would have to inform the user about the policy related to withdrawal or refund** of their deposit, measures taken for its protection, the manner and distribution of winnings and the fees and other charges to be paid by the user.
- They would also have to be **informed about the risk of potential financial loss and addiction associated with the game.**
- **The self-regulating bodies' framework must also include safeguards to protect children.**
- Addiction is to be combated using repeated **warning messages** should the user exceed a reasonable duration while playing a certain game.
- At the time of onboarding a user, the **operator would be expected to verify the identity of the user.**

- The procedure for the same must be informed in advance to the user being onboarded.
- It also puts forth **measures for users who register their devices from India** or use their services from India, to voluntarily verify their accounts.
- They would be provided with a “demonstrable and visible” mark of identification.
- The **information gathered for verification cannot be used for any other purpose without the user’s content.**

Rules for platforms-

- Before hosting or publishing a game, the **platform would have to verify it from the self-regulatory body** it is associated with.
- It would then be required to **carry a registration mark** on all its recognised online games.
- The platform is expected to **appoint a key management personnel or senior employee as its Chief Compliance Officer** who would be entrusted with coordinating with law enforcement agencies to ensure compliance with their orders or requisitions.
- In addition to this, the platforms are also expected to **additionally appoint a ‘Nodal Contact Person’** to facilitate the necessary coordination at any point of the day.
- Further, it must have in place an **appropriate mechanism for receipt and resolution of grievances.**
- The complainant must be able to track the status of the same using a unique ticket number.
- The gaming intermediaries **must have a physical address in the country which must be published on its website and app.**

Rules for the self-regulating bodies-

- MeitY is entrusted with the responsibility of recognising and if required, un-recognising all self-

- regulated bodies under the proposed framework.
- The applications of the desirous candidates would be examined on criteria including the number of companies who are its members, its track record in promoting responsible online gaming, the absence of conflict of interest and suitability of its board of directors.
 - The latter **must be independent and eminent people in the space** with relevant expertise in public policy, public administration, psychology, medicine or consumer education, online gaming or any other relevant field.
 - **The self-regulatory bodies would also be assessed for their capacity in terms of deployment of technology, expertise** and other relevant resources to ensure compliance from members.
 - They are required to examine a game in light of the member's adherence to due diligence norms and relevant laws.

Regulation of online gaming in other countries –

- **China has placed strict limits on the time young people** may spend playing online games.
- Online gaming in the country is now only available to people younger than 18 from 8 p.m. to 9 p.m. on Fridays, Saturdays, Sundays and public holidays.
- Before an online game can be distributed in China, it must obtain approval and an International Standard Book Number (ISBN) from China's National Press and Publication Administration (NPPA).
- **In the U.S.,** Internet casino gaming remains illegal in every state that doesn't explicitly legalise the games.
- **Germany's "Youth Protection" laws** aimed at violent games pushed developers to replace realistic red blood with a green version, for example, and **Australia has sought to ban games for including depictions of everything from assault to marijuana use.**