

Online Gaming Market in India

January 3, 2023 • vajiramandravi.com



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Why in News?

The draft of the proposed amendments to 'The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, has been recently released by the Ministry of Electronics and IT (MeitY), to regulate online gaming sector in India.

Types of online gaming

- e-Sports (video games played online), Fantasy sports (like Dream11), Online casual games (includes a game of chance, which may be considered as gambling if players bet money or anything of monetary value).

How big is online gaming market in India?

- Between 2017 and 2020, the industry in India increased at a compound annual growth rate (CAGR) of **38%**, compared to 8% in China and 10% in the US.
- **The Indian mobile gaming industry's revenue** is predicted to exceed \$1.5 billion in 2022 and reach \$5 billion by 2025.
- For two years in a row, **India's percentage of new paying users (NPU) in gaming has been the fastest rising in the world.**
- According to a FICCI report, **transaction-based games revenue increased by 26% in India**, while the number of paying players increased from 80 million in 2020 to 95 million in 2021.

What is the need for a central law for gaming?

- **Online gaming - a state subject, lacks regulatory oversight:** There is no comprehensive legislation with respect to its legality or its boundaries. Therefore, **introducing a uniform law** is the need of the hour.
- **Societal concerns:** A number of reported incidences of persons losing big amounts of money on online games, resulting to **suicides** in various parts of the country.

What attempts have been made to regulate the online gaming sector?

- An inter-ministerial task force, set up by the MeitY to propose contours of a national-level legislation to regulate online gaming, had earlier made several proposals.
- Based on these, the draft of the proposed amendments to 'The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021,' has been released.

Image Caption: Need to regulate online gaming in India

News Summary

Key proposals in the draft

- **A self-regulatory body:** Online games will have to register with a self-regulatory body, and only games that are cleared by the body will be allowed to legally operate in India.
- **Mandatory know-your-customer (KYC) norms:** Online gaming firms will be required to follow norms that are laid down for entities regulated by the Reserve Bank of India (RBI).
- **Banning game of chance:** With the aim to safeguard users against potential harm from skill-based games, online gaming companies will not be allowed to engage in betting on the outcome of games.
- **Online gaming = social media firms:** Companies that offer online games **involving money will be treated on a par with social media firms** in terms of regulatory compliances and obligations.
- **Compliance and grievance redressal mechanism:** Similar to social media and e-commerce companies, they will also have to appoint -
 - A compliance officer who will ensure that the platform is following the 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.

What is the significance of the regulating gaming industry?

- Compliance with RBI norms will ensure transparent withdrawal and refund of money, fair distribution of winnings, etc.
- **Around 40 to 45% of the gamers in India are women**, and therefore it was all the more important to keep the gaming ecosystem safe.
- It will also safeguard **children** (currently defined as those under the age of 18 years), through parental consent and age-gating.
- The objective of the proposed rules is to **grow the online gaming sector and encourage innovation**.

Q1) Who regulates online gaming in India?

The ministry of electronics and IT (MeitY) is the nodal ministry to govern online gaming in India.

Q2) Betting and gambling come under which list in the Seventh Schedule in the Constitution of India?

Betting and gambling come under State List in the Seventh Schedule in the Constitution of India.

Source: [Online gaming draft rules: No betting, self-regulatory body](#) | [IE](#) | [ToI](#) | [TH](#)

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