



Draft Rules for Online Gaming

Prelims: Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, Online Gaming Sector.

Mains: Draft Rules for Online Gaming.

Why in News?

Recently, the Ministry of Electronics and IT (MeitY) has released the Draft Rules for Online Gaming.

- The proposed rules have been introduced as an amendment to the [Information Technology \(Intermediary Guidelines and Digital Media Ethics Code\) Rules, 2021](#).

What are the Draft Rules?

▪ Self Regulatory Body:

- Online games will have to register with a self-regulatory body, and only games cleared by the body will be allowed to legally operate in India.
 - 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.
- 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.

▪ Due Diligence:

- 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)**.

▪ Random Number Generation Certificate:

- 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.

▪ Restrictions on Betting:

- Online gaming companies **will not be allowed to engage in betting on the outcome of games**.

▪ Compliance:

- 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**.

What is the Need for the Rules?

- 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 is believed to be a great first step for comprehensive regulation for online gaming and will reduce the **state-wise regulatory fragmentation that was a big challenge for the industry.**
- The revenue of the Indian mobile gaming industry is expected to reach USD 5 billion in 2025.
- The industry grew at a **compound annual growth rate (CAGR) of 38%** in India between 2017-2020, as opposed to 8 % in China and 10% in the US.
- It is expected to grow at a CAGR of 15 % to reach Rs 153 billion in revenue by 2024, as per a report by VC firm Sequoia and management consulting company BCG.

[Source: IE](#)

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