



Proposed Amendment to IT Rules 2021 Online Gaming

In recent times, online gaming has undoubtedly witnessed a new set of dimensions and vivacity. The entire dynamics of online gaming have witnessed a complete overhaul right from its functioning to its regulatory mechanisms. The online gaming industry has witnessed a boom establishing a prominent position as far as the contributors to India's GDP are concerned. India has been one of the most established hubs for the online gaming industry after the United States of America and China and has been at the forefront in channelizing and bringing about a considerable change in the industry which lay dormant for several years.

It (Intermediary Guidelines And Digital Media Ethics Code) Rules, 2021 The Government of India has been proactive in including the online gaming industry within its regulatory and legislative domains. Over the years the Government has been closely monitoring the activities within the industry and has identified certain loopholes within the same. Among the many other regulatory reforms, IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 within the intent and objective to legislatively compartmentalize legitimate online gaming platforms and illegitimate online gambling platforms.

These rules mandate a self-regulatory organization (SRO), self-regulatory framework, mandatory KYC verification of players, the appointment of compliance and nodal officers, and having a physical address in India. These rules also mandate the compulsory advertising of the financial risk involved for the users. The rules also forbid the portrayal of violent, sexual and abusive content through the medium of the online gaming platform.

However, despite the fact that the government revised the Allocation of Business Rules, designating MeitY as the nodal ministry for online gaming,

this does not grant the capacity to exercise this authority. In order to do this, a specific legislative law is necessary. On the other hand, rather than going via parliament, the IT Rules that were created under the IT Act have the goal of expanding the scope of online gaming regulation that is covered by the IT Act.

In addition, online games are expected to show a registration mark that was provided by an SRO. SROs will be required to register with MeitY and to guarantee that its members comply with IT regulations before acquiring the mark. On social media websites like Google and Facebook, the commercial promotion will be restricted to the businesses that have purchased the mark. Prior to accepting advertising, companies involved in social media are required to check their registration status and maintain communication with the SROs.

When gaming firms comply with the IT Rules, they will be able to receive the safe harbour protections that are established in Section 79 of the IT Act. Essentially, these restrictions exclude intermediaries from legal responsibility for the inappropriate use of third-party platforms. The IT Rules now include social media intermediaries and major social media intermediaries; however, the proposal considers including online gaming intermediaries in the same category as social media intermediaries. The suggested standards ensure that self-regulatory organisations will only allow skill-based online games if they are implemented. In addition, the registration emblem of the self-regulatory body will be displayed on each game to ensure that marketers, law enforcement agencies, influencers, and any other stakeholders can differentiate between legal skill games and unlawful gambling games.

In accordance with the terms of the draft, gaming intermediaries will be required to register and enlist all games with the self-regulatory organisation. In addition to this, they are required to select three resident employees to fill the roles of a grievance officer, a compliance officer, and a nodal officer. They must also have a physical residence in the area. It will boost the online gaming industry's openness, consumer safety, and investor confidence. This may also allay the concerns of a number of state governments, who have expressed concern that gambling sites that use real money lead to addiction and personal bankruptcies.

According to the draft, online gambling intermediaries would be mandated to additional due diligence, in a manner comparable to that as required of significant social media intermediaries. In addition to this, certain members of the gaming sector are concerned that the new requirements will make it more difficult to comply.

For the purposes of these regulations, the definition of an intermediary in Part II would be expanded to include a social media intermediary, a significant social media intermediary, and an "online gaming intermediary." According to the proposed Rule 2(1)(qb), an intermediary that offers one or more online games fall within the definition of an online gaming intermediary.

Self-Regulatory Organisation

All intermediaries in online gambling shall be required to register with a self-regulatory organisation that will be established with the IT ministry. Either a section 8 company under the Companies Act of 2013 or a society under the Societies Registration Act of 1860 must constitute this organisation.

An independent and eminent individual from the fields of online gaming, sports, or entertainment; an individual from the fields of psychology, medicine, or consumer education; an individual representing online gamers; and a person from information communication technology shall all be taken into consideration by the IT ministry when it comes time to evaluating the application for the self-regulatory body.

In spite of this, the composition of the governing body cannot serve as the principal justification for overturning any decision reached by the self-regulatory body. The Ministry of Information and Communications Technology may consult any other government ministry or agency prior to the establishment of any self-regulatory organisation.

To be eligible for registration with a self-regulatory body, an online game may not offer online gambling or betting, nor may it contain anything that is not in the interest of India's sovereignty and integrity, defense, security, friendly relations with foreign states, or public order, or that incites the commission of any cognisable offence. Every registered online game will prominently show its registration with the self-regulatory organisation.

Conclusion

Unquestionably, the proposal is set to stimulate industry expansion, create more job opportunities and ensure the strengthening of India's position in the global gaming map. This step shall serve to positively impact the Online Gaming Industry and establish India's role as a major and emerging online gaming hub.