NEED FOR GAMING REGULATIONS IN INDIA

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ABSTRACT

This research article highlights the need for gaming regulations in India. The paper has discussed the recommendations which are to be incorporated into new gaming regulations in India and the Overview of existing Indian gaming regulations and why they are not enough. And a big real question about the money laundering happening through online gaming, it is important for every user and player to know about the consequences they could face through online games to which they are addicted but it is also true the government cannot ban this totally instead make the full legitimate regulation for it as it is the source of economy for county and to the people of the country as gamers are earning through it by streaming online games. The bill has been introduced by the government is it fully helpful that is also a question. By the time the gaming industry is developing and growing, there are high chances of corruption under that and other problems. So, we have discussed the above-mentioned problems and things in this research article.

I.   INTRODUCTION

The gaming industry in India is growing exponentially, with the number of players and platforms increasing every day. However, the industry is currently unregulated and lacks the necessary legal frameworks to protect players and ensure fair play. This lack of regulation has created an environment of exploitation and abuse, with notable cases of fraud, money laundering, and cybercrime. In order to protect the players and ensure a fair and secure gaming environment, it is necessary to establish gaming regulations in India.

The need to establish gaming regulations in India not only will provide a safe and secure environment for gamers, but it will also ensure that gaming businesses are run in a responsible and legal manner. The regulations must cover both physical and digital gaming, as well as ensure that the players have access to fair and transparent gaming experiences. Additionally, these regulations must address the issues of cybercrime, age

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restrictions, and addiction, as gaming has become an integral part of Indian culture.

II. OVERVIEW OF EXISTING INDIAN GAMING REGULATIONS AND WHY THEY ARE NOT ENOUGH

The Indian gaming industry has grown exponentially in recent years, but existing regulations are not enough to ensure a safe, secure, and responsible gaming environment. Several states in India have enacted laws aimed at controlling the gaming industry, such as the Public Gambling Act of 1867 and the Lottery Control Act of 1956. These statutes only deal with gambling in gaming. However, these laws do not address the modern gaming landscape such as one that includes online gaming.

III. EXAMINING THE IMPACT OF UNREGULATED GAMING ON INDIAN SOCIETY

Unregulated gaming can have a large and sometimes detrimental impact on Indian society. On the one hand, gaming can be a source of economic growth through taxes and fees, as well as providing entertainment and distraction from the struggles of everyday life. On the other hand, unregulated gaming can lead to increased crime, addiction, and even financial ruin.

Crime: Crime related to gambling activities has been steadily increasing in India. It ranges from small-time scams to large-scale money laundering operations.

Addiction: Gambling addiction has become a major problem in India. People are becoming addicted to gambling, leading to financial issues and relationship troubles.

Financial Ruin: Unregulated gaming can lead to people losing large sums of money, leading to a steady build-up of debt or even bankruptcy.

Social Problems: Unregulated gaming can lead to social problems such as the disruption of family life and the growth of a 'culture of gambling' in society.

Legal Issues: As gambling activities are illegal in India, gaming operators often face legal issues. This can lead to a lack of trust in the industry and an atmosphere of fear and uncertainty.

The proliferation of unregulated gaming in India has led to a number of serious issues that need to be addressed. The government needs to take steps to ensure that gaming is properly regulated and that those who take part in it do so responsibly.

There is a recent case of online gaming fraud constituted by 16 people operated from Dubai which has been spread in India. They used an app called Mahadev app which is available on the play store and other social media platforms, they offered prices of 500-700 to the people as price money for betting then they started making people bet lakhs and after receiving the amount they used to switched off their phones, these kind of scam in India are very huge and causing harm to the society and nowadays everyone is a genius to create an app like this. Government should take to avoid this kind of scam and fraud by making more strict penal sections for fraudsters.

There is another recent case in Kolkata where the Kolkata Police seized another Rs 32 crore from Aamir Khan's 1,600 bank accounts, the main accused in an online gaming app fraud case. He was apprehended in Ghaziabad. The Kolkata Police's Detective Department discovered the 1,600 accounts after questioning Khan. Another Rs 32 crore has been frozen from those accounts, according to police sources. They added that the funds were deposited in these accounts from abroad.

IV. A LOOK AT THE POTENTIAL BENEFITS OF INTRODUCING GAMING REGULATIONS IN INDIA

The potential benefits of introducing gaming regulations in India are numerous. On the most basic level, it would create a safe and regulated environment for gamers, allowing for greater access to games that are not only enjoyable but also contribute to the country's economy. Additionally, it would help to protect vulnerable and underage players from exploitation, create new jobs, and increase tax revenues for the government. It would also provide a platform for the development of the Indian gaming industry, allowing for Indian companies to come up with their own game titles and expand the market. Furthermore, it could have a positive impact on the education sector, encouraging the use of games as a teaching tool. Finally, it could help to foster a sense of national pride and help to promote the digital culture in India.

V. EXPLORING THE POTENTIAL CHALLENGES OF IMPLEMENTING GAMING REGULATIONS IN INDIA

The implementation of gaming regulations in India has the potential to be a significant challenge. With a large and diverse population, creating a nationwide gaming regulatory framework that effectively pleases all stakeholders is a tall order. Furthermore, the

development of such regulations must consider the various socio-cultural, legal, and technological issues that come with the gaming industry.

1. Socio-cultural: India is a highly diverse country, and gaming culture varies widely across different regions and demographics. These differences must be taken into consideration when developing a nationwide regulation framework. Additionally, any gaming regulations must take into consideration that games are often seen as a form of entertainment and leisure, rather than as a form of gambling.

2. Legal: India's legal system is complex and multi-layered, and has traditionally been hostile to gambling and gaming activities. This means that any regulations must be crafted carefully and must be mindful of the legal challenges that may arise when regulating the gaming industry.

3. Technological: India has seen rapid growth in the number of its internet users, as well as the availability of mobile devices. As such, any gaming regulations must be framed against the backdrop of the changing technological landscape and must take into consideration the issues of privacy and security that come with online gaming.

VI.   UNREGULATED ONLINE GAMING INDUSTRY IN INDIA

As online gaming becomes more popular, it is necessary to regulate the activity. This could be in the form of licensing requirements, taxation, or even bans on certain types of online gaming.

The online gaming industry in India has seen a dramatic increase in recent years. However, the industry remains largely unregulated, creating numerous issues for players, industry stakeholders, and the government.

The lack of regulations can lead to players being scammed or taken advantage of by unscrupulous operators. These operators can offer games with unfair terms, unfair odds, and even games that are not legally allowed in India. Additionally, without any regulations in place, players have no recourse if they are defrauded or cheated by operators. It also leaves the industry vulnerable to money laundering and other criminal activities.

Unregulated online gaming in India has led to a lack of trust in the industry, making it harder for legitimate operators to attract customers. Additionally, it has made it difficult for the government to collect taxes from operators, leading to a loss of revenue.

The Indian government must take steps to regulate the online gaming industry in order to protect players, industry stakeholders, and the government. Regulations must be put in place to ensure operators are honest, fair, and transparent. Additionally, taxes must be collected in order to generate revenue for the government.

VII.   ONLINE GAMING AND GAMBLING

In India, gambling is considered as a sin be it online or offline. Game of chance or Gambling is illegal in almost all statutes of Indian states as in these states online gaming is regulated by distinguishing the games between the game of skill and game of luck. However during recent years one can earn money on skill base gaming all that is needed by a player a constant effort, logic, and analysis.

VIII.   GLOBAL ASPECT OF GAMING REGULATIONS

The gaming industry is fighting money laundering cases and terrorist financing. But some countries, have some regulations in jurisdictional states, like European member states UK, France, and Germany have come up with the idea of various regulations and laws to make the gaming industry secure. In the UK the commission of gambling made some rules and regulations to make digital gaming activities safe and fair. As per the new regulations, the gaming services providers must identify the age of gamers and their source of income. The gaming operators are advised to use Artificial intelligence verification methods or biometric authentication methods as a solution for customer identification.

Recently there is a rise in the growth of the gaming sector, particularly in online gaming, accelerated by the coronavirus pandemic, which has skyrocketed the risks of financial crimes including money laundering. Therefore, online gaming service providers have become subject to Anti-Money Laundering (AML) and Know Your Customer (KYC) regulations.

IX.   POSITION IN 'US'

The US have regulations for legal gaming and gambling activities. Some of the prominent regulatory authorities including the Financial Crimes Protection Network (FinCEN) and Bank Privacy Act (BSA) review business operations and determine violations in case the

company fails to follow the compliances. However, FinCen delegates compliance review authority to the Internal Revenue Service (IRS). Therefore, if the IRS determines any kind of BSA breach in either its casino or review, FinCEN has the right to start an investigation against an alleged gaming service provider, and impose an administrative penalty on the businesses on the basis of the results of the investigation.

X. POSITION IN INDIA

There is recent bill of online gaming 2022 law that specifically governs gaming or crimes related to online gaming. If we talk about the recent online gaming bill 2022 it has some drawbacks as it does not make a distinction between the game of skills and the game of chance it is only applicable to online games which do not make the clearance between the applicability of the act. So that the main drawback of the bill and the constitution of India gives power to every state to establish their limits and set of rules regarding gaming activities, thus various states have a set of rules also. The states like Assam, Tamil Nādu, Andhra Pradesh, etc have their sets of rules regarding online gaming and gambling. Some states like Andhra Pradesh and Telangana have made illegal online gaming and money gaming. Online gaming and money games are banned in these two states. And other states like Sikkim and Nagaland there is a requirement for a gaming license. There are two types of games in online gaming first game of chance and the other game of skill. There should be proper differentiation between the game of chance and skills under the act. That's how the condition of India regarding the online gaming and India is higher number of scams and it is increasing day by day as everything has its pros and cons just like that the online games gives the players and country another way to increase economy and earn money but it is causing money laundering and other type of crimes

XI. HOW WILL OTHER COUNTRIES' REGULATIONS BE APPLICABLE IN INDIA? [1]

In India, there are no specific laws and regulations in the field of online gaming to prevent online gaming crimes and money laundering. The rates of online gaming crimes are increasing day by day and if we talk about money laundering then people are earning so much black money out of gaming. The gaming industry is fighting against money laundering. [2]

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[1] Jackie wheeler, KYC, and AML, THE JUMIO, available at - https://www.jumio.com/kyc-aml-differences/. Last accessed on 1 march 2023.
[2] Sumasri, online gaming laws, LEGALBOLTS, available at - https://legalbots.in/blog/online-gaming-laws-in-india-visavis-online-gaming-regulation-bill-2022-20221116122731637489dbebc54 Last accessed on 1 march 2023.

There is a need for proper regulations to prevent online gaming activity crime in India, and to make new regulations we can go through other countries laws. As they govern their gaming sector with proper regulations and as per the need of prevention of crimes and there are many European member states which have regulations towards the gaming industry, the states UK, France, and Germany, India should take the same steps towards the gaming sector. In the UK there are some sets of standards to make digital gaming safer and fair. As per the recently taken regulations, the gaming industry should use the method of identification of users' age and the source of their income, by using the biometric system or the know-your-customer method.

In the UK they have biometric and AI based identity verification regulations for gaming activities. During the coronavirus pandemic, there was a rise in the growth of the online gaming sector and it has skyrocketed financial crimes including money laundering in the gaming industry. In this situation, the gaming service provider has anti-money laundering (AML) and knows your customers (KYC) regulations. KYC (Know your customer) is a process where a company ensures their customers or users as who they are about their bio because of risk to business and AML (anti-money laundering) is also a step to fight against financial situations and this is the step which every financial institution and firms must take to safeguards the financial losses and prevent the crimes related to transferring funds that came out from the illegal activities. And the US has sets of regulations for legal gaming and to make the gaming sector more secure and safer. Some of the prominent regulatory authorities include the Financial Crimes Protection Network (FinCEN) and Bank Privacy Act (BSA).[3]

XII. SAFEGUARDS AND PROCEDURES TO PREVENT CRIMES AND MONEY LAUNDERING THROUGH ONLINE GAMING SHOULD BE TAKEN INTO ACCOUNT[4]

Netherlands KYC system- In October 2021, a new regulatory standard for the gaming sector in the Netherlands came into force. This regulation affected the registration of users on online gaming platforms. The new regulatory framework requires gambling platforms

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[3] Richard Marley, Gaming industry crimes and KYC/AML solutions, SHUFTI PRO, Available at- https://shuftipro.com/blog/gaming-industry-crimes-and-kyc-aml-solutions-what-shufti-pro-can-offer/. Last accessed on 1 march 2023.
[4] Ganesh prasad, India gaming law updates 2022, THE MONDAQ, available at - https://www.mondaq.com/india/gaming/1241570/gaming-lawaupdates-2022. Last accessed on 1 march 2023.

to have a verification system that guarantees the real identity of users and their age of majority

In the Netherlands, there is also a biometric system and it provides 100 % security to the online gaming industry. With compliance with new regulations in the Netherlands, there is an increase in security and it also offers the best online gaming experience. In the Netherlands, there is biometrics for the protection of the gaming law.

Participation in online gaming has increased especially by the youth since the pandemic and while it is beneficial for economic growth, it has repercussions. It involves legal implications in online gaming and also societal and mental aspects. Due to the absence of proper legislation and regulations the online gaming industry is falling under the "grey area". There is a need for proper regulation as it will help in more growth in the economic sector of India. In the absence of regulation, there is a lack of clarity in the tax rates and revenue collection. The online gaming industry is fairly regulated in other countries like the UK, the US, and other European countries also EU has regulations for the users' protection and for entertainment purposes.

Online gaming needs a proper legal framework and policy structures and it should not be limited to just the economic purpose of India, it should consider the data privacy laws as well as digital India.

XIII. HOW TO USE THIS BIOMETRIC AND KYC SYSTEM IN INDIA? [5]

Firstly, understand what identity verification is. So, verification uses to allow the companies to identify the users not only through their Gmail.

The biometric system uses artificial intelligence for the verification of users, it generally does facial recognition technology and can also include the fingerprint system for more security. And these types of systems add more security to the gaming platforms and prevent cheating and fraud related to finance. But there is a lack of biometrics and gender bias.

The future of identification in gaming law- so with the increase in the gaming industry in the future there will be an increment in cheating also related to gaming frauds. So there have to be more secure identity procedures and methods.

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[5] Stefano Siggia, how do criminals launder their money using video gaming, PIDEECO.BE, Available at - https://pideeco.be/articles/aml-money-laundering-and-video-games/. Last accessed on 1 march 2023.

XIV.   ONLINE GAMING LAW REGULATION 2022[6]

The online gaming bill was introduced in the Lok Sabha in 2022 to make effective measures for the online gaming industry and to provide back to the online gaming industry to prevent misuse and fraud. The bill calls out the regulatory authority to regulate the gaming industry. The player has to register himself and they can only provide gaming servers to the games which are allowed under the bill. The bill mainly proposes the prohibition of online gaming without a license. And a person providing an online gaming server without a license will be punishable under the bill. The license will be granted under the bill and if the licensee breaches any of the conditions of the license cancelled license can be cancelled or suspended.[7]

XV.   RECOMMENDATION TO INCORPORATE IN GAMING STATUTE

Government should come up with a draft of the GAMING REGULATION BILL, 2023. To regulate the gaming industry including online gaming.

Following are the recommendation to incorporate in the bill in the form of provisions.

> **Draft A Provision for Child Privacy and Protection in Online Gaming in India-**

In India, the protection of children's privacy and safety in online gaming is a major concern. To ensure the safety of minors, it is essential to draft a provision that will protect the rights of minors in India in online gaming. The provision should include practices that ensure the protection of minors from inappropriate content, harassment, and exploitation. All online gaming websites should have age verification systems that can verify the age of players. Additionally, online gaming websites should include provisions for parental control settings for minors, allowing parents to control the content their children are exposed to.

To ensure the safety of minors, all online gaming websites should have appropriate measures in place to protect minors from inappropriate content, such as the banning

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[6] Ms. Tanu Shree Saxena, Online gaming regulations,2022, CYBERPEACE,2022, Available at-
https://www.cyberpeace.org/online-gaming-regulations-2022-unlocking-a-new-level/. Last accessed on 1 march 2023.

[7] Adv. Dean Kuriakose, the online gaming bill 2022, MEDIANAMA, 2022, Available at -
https://www.medianama.com/wp-content/uploads/2022/05/78-of-2022-as-introduced.pdf. Last accessed on 1 march 2023.

of sexually explicit content, language, profanity, and other forms of offensive language.

> **Provision for licensing regime at the central level-**

Regulating online games through licensing of gaming operators, operating in games of skill or chance is the efficient way. In India, some of the states have adopted this regime and therefore most of them are successful in implementing legislation and amendments related to online gaming.

The regulatory authorities for these states are as follows:

•Goa: The State Government of Goa (for casinos);

•Daman and Diu: The Director (Tourism) of Daman and

Diu (for casinos);

•West Bengal: permits (for conducting games of skill in a public place) are issued by the Commissioner of Police;

•Nagaland: the Nagaland Act appoints the Finance Commissioner of the state as the "Licensing Authority" for offering skill games online; and

•Sikkim: the regulatory authority under the Sikkim Online Act (for issuing licenses for online games provided within the state-wide intranet of the State of Sikkim) and the Sikkim Casino Laws (for issuing licenses for casinos) is the authorized officer under the Finance, Revenue, and Expenditure Department of the Government of Sikkim.

Hereby it is recommended that there should be a proper provision in the new gaming regulation in India that establishes the licensing regime at the central level and each state should be required to make compliance with the central license regime. And there should be a provision that defines that license will be valid for how many years, subject to compliance with any prescribed conditions, and will be deemed to be renewed every year thereafter as long as the license fee is paid.

XVI.　CONCLUSION

As online gaming becomes more popular, it is likely that more countries will look to regulate the activity. This could be in the form of licensing requirements, taxation, or even bans on certain types of online gaming.

The global online gaming industry is expected to reach $196 billion by 2025, according to a report by Grand View Research. With this growth, there is an increasing need for statutes and regulations to govern online gaming. There are many challenges when it comes to regulating online gaming. One challenge is the cross-border nature of the industry. Online gaming companies may be based in one country, but their players may be located in another. This can make it difficult to enforce laws and regulations.

Online gaming has its adverse effects on society it gives any player a fun time but can also cause serious damage related to money. There are a lot of chances of money laundering and there is no clarity on that how to protect the users from it as there is no specific law to protect any person in the virtual world of gaming. It is a dilemma for the government to ban gaming because apart from the dangerous side the gaming industry is providing a huge amount of revenue to the country, if they ban gaming it will cause the interest of players and developers as gaming is their way of earning money, fair way apart from illegal activities it helps to generate revenue, but the gaming industry considered to be a menace to the society. So, if we want to run both things together to safeguard against money laundering and other financial crimes one aspect of online gaming and the other is generating revenue for the country then the prudent way to run is that there should be regulation to regulate online gaming instead of a total ban. And such laws or regulations will help the states also to run accordingly. The online gaming law 2022 also provides safety measures for the online gaming industry and it provides a platform for entrepreneurs to come into the field of online gaming. An improved regulatory work will provide job options to the people and it also helps the government in the assistance. It will provide transparency to the stakeholders and the players. [8]

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[8] Yash Kapadia, what constitutes a game of skills and a game of chance, THE IPLEADERS, Available at - https://blog.ipleaders.in/constitutes-game-skill-game-chance/. Last accessed on 1 march 2023.