NEXT IAS

DAILY EDITORIAL ANALYSIS

TOPIC

Regulating India's online gaming industry

REGULATING INDIA'S ONLINE GAMING INDUSTRY

In Context

- In recent years, India's gaming landscape has undergone a transformative surge in the digital market.

About Online gaming industry in India

- It is one of the major sunrise sectors of India.
- It emerged in India in the mid-2000s with PC and console gaming platforms, but since the Covid-19 lockdown there has been a rapid surge in the gaming industry.
    - **Increase** in smartphone penetration along with better internet connectivity, rising disposable income of Indians, large youth population and easily available online payment methods are some of the factors that fuelled the fast expansion of the online gaming industry.

Potential

- India is one of the **largest gaming markets** in the world.
- The Indian gaming industry's **revenue stands at 3.1 billion dollars** in the financial year 2023.
- It is predominantly a home-grown start-up ecosystem **growing at 27% CAGR.**
- It is widely estimated that AI and online gaming can add up t**o $300 billion to India's GDP by 2026-27.**
- It has the potential to thrive domestically and emerge as a formidable player on the global stage.
- The coming years promise to define moments and transformative growth for India's gaming narrative.

Challenges

- The rise of online gaming has brought many concerns such as addiction, mental illness, suicides, financial frauds, privacy and data security concerns.
- **Money laundering and national security** concerns are other realities.
- The situation is further exacerbated by the **growth of illegal offshore gambling** and **betting markets** wherein the volume of digital transactions provides fertile ground for financial malpractices.
- **Insufficient regulation:**No mechanism exists for individuals to differentiate between legitimate gaming platforms and illegal gambling/betting sites.
    - In addition, in the absence of a specialised regulatory authority, enforcement is lacking.

Steps of Government

- Some State governments attempt to ban online gaming.
    - However, the inherent cross-border nature of the Internet makes enforcing such a ban almost impossible, leading to the unintended consequence of legitimate, regulated platforms being replaced by unregulated and potentially harmful ones.
- In this context, The Ministry of Electronics and IT (MeitY) has introduced various checks and balances through relevant amendments to th**e Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 202**1 notified in April 2023.
    - The purpose of these amendments is to control the unabated and unwarranted negative impact of online gaming activities on users, especially children and other vulnerable sections of society.

Suggestions and Way ahead

- The existing challenges call for an urgent need for robust regulation of the online gaming industry.
- Establishing a strict regulatory framework is an urgent need, not just for protecting digital nagriks and national interests, but also to ensure responsible growth of the online gaming sector.

- India will have to quickly ramp up its de-addiction infrastructure to protect the youth from the harmful effects of online gaming.

- This must also be supplemented with a massive public education programme in both rural and urban areas.

DAILY MAINS QUESTION

Why is the online gaming industry growing in India?Discuss the issues associated with online gaming?