

Seventeenth Loksabha

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Title: Regarding regulating online games.

DR. (PROF.) KIRIT PREMJI BHAI SOLANKI (AHMEDABAD WEST): Over the past few years, the online gaming sector in India has been at the helm of both centre and state government discussions, with each state having the power to make its laws resulting in a lack of uniformity in the legal position across states. As a result of this lopsided legal regime, many challenges and risks have emerged, including entry of unscrupulous operators, a threat to cybersecurity, and addiction, among others. At the same time, there are online betting operators viz. Dafabet, Technosports, Betway, etc., are running unhindered within the country and violating laws such as Money Laundering Act, 2002, FEMA 1999, Payment and Settlement Systems Act, 2007, Information Technology Act, 2000. It is estimated that INR 10 Lakh crore worth of money is laundered to offshore havens without any taxes being paid. Such sites are now home to carry out hawala operations, generate and circulate black money and probably engage in terrorist funding activities.

As per the current legal framework, clarified by various rulings of the Supreme Court, there is a clear distinction between the “Games of skill” and “Games of chance”. The apex court has repeatedly held that Games of Skill such as Online Fantasy Sports can’t be construed as gambling. However, with each state having its legislation on the subject, most states don’t have that kind of clarity, and some of them have even considered a blanket ban on all forms of online games, including the

games of skill which has posed a significant challenge as well as compliance burden for the industry and digital economy.

Realising these concerns, I urge upon the Government to enact a model framework law to regulate Online Games.