

Don't Turn Online Gaming Offline

Synopsis

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Representative image

Last week, GoI announced that it has formed a seven-member panel to work on regulations for India's online gaming industry. Coming as this does after Narendra Modi stated in March that [India](#) must unlock its potential to make it a global powerhouse in the animation, visual effects, gaming and comics (AVGC) sector — something

also highlighted in Nirmala Sitharaman's budget speech a month earlier — the move is, indeed, welcome.

Grouping skill-based gaming like online fantasy sports (OFS) with games that involve pure luck — something the Online Gaming (Regulation) [Bill](#), 2022, in its present form does — is unfortunate. This, even after the Supreme Court declared in August 2021 that [OFS](#) is a game of skill and not of chance. Fantasy sports is nothing like mindlessly pulling a lever on a slot machine, picking a number in Russian roulette, or buying a lottery ticket and praying for the best. It is actually quite the opposite. It requires skills, and brings people together, much like sports do, but with an enhanced, immersive experience involving communication, negotiation and analytical skills to sharpen mental predictive algorithms. OFS is not only popular worldwide but it is also being increasingly used as a team-building exercise at work.

The Indian gaming industry is estimated to reap ₹9,500 crore by 2023. With almost 400 million gamers, India is already the world's largest OFS market, the industry attracting FDI of ₹10,000 crore in 2021, which is expected to rise to ₹15,000 crore over the next three years. GoI seriously needs to nurture this industry, and coax it out of its cocoon, not stifle it with heavy regulations and licensing fees.

Fantasy gaming involves teams of people getting together to build their own virtual teams using their deep knowledge of real-world players. However, the Bill, introduced on April 1, wishes to introduce heavy regulations, without distinguishing between games of skill and of pure chance. The Bill's intent to issue or revoke gaming licences is another blow. The proposal includes a GoI-run Online Gaming Commission to oversee this activity. The heavy-handed regulation proposed for a fledgling industry with so much promise is quite surprising.

Equally problematic is a reported proposal for increasing taxes for fantasy

sports. The industry is currently taxed at an 18% GST, in line with global best practices. However, if the new proposed Bill proceeds to group OFS with entirely different industries like casinos and racecourses, GST rates for OFS may increase from 18% to 28%. This hike will be a devastating and unfair.

At Toyathon 2021, Modi urged innovators to 'create interesting and interactive games that engage, entertain and educate'. He also encouraged game-makers to focus on exporting India's capabilities and culture to the world. Take South Korea. The country has successfully exported its culture and entertainment to the world over the past few decades. So much so that it is not uncommon to see Indian and American teenagers watching Korean movies — including cult horror movies as well as the 2021 Best Picture Oscar-winning film, Parasite — singing to K-pop (Korean pop) tunes, and binge-watching hit K-shows like [Squid Game](#).

India has the same opportunity here, with fantasy gaming as the foot in the door to introduce modern, 21st-century Indian culture globally. Apart from cricket, even 'India-born' sports like kabaddi, [pehlwani](#) and kalaripayattu can get global recognition through the OFS route.

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