

**Bill No. 78 of 2022**

THE ONLINE GAMING (REGULATION) BILL, 2022

By

ADV. DEAN KURIAKOSE, M.P.

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BILL

*to establish an effective regime to regulate online gaming industry to prevent fraud and misuse and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

- 5      1. (1) This Act may be called the Online Gaming (Regulation) Act, 2022.  
          (2) It extends to the whole of India.  
          (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

Short title,  
extent and  
commencement.

Definitions.

2. In this Act, unless the context otherwise requires,—

- (a) “appropriate authority” means a person or organization designated as such by the Central Government;
- (b) “Commission” means the Online Gaming Commission constituted under section 3; 5
- (c) “license” means a license granted by the Commission under the provisions of the Act for the purpose of facilitating Online Gaming;
- (d) “licensee” means any person who has been granted a license to install and operate Online Gaming Server, and any other activity to facilitate Online Gaming; 10
- (e) “Online Gaming” means games played on any electronics device including Personal Computers, Mobile Phones, Tablets and other devices;
- (f) “Online Gaming Server” means any main frame computer or set of computers, installed or maintained by the Licensee, that accepts, processes, stores and validates transactions arising out of Online Gaming, and which manages, monitors and controls the entire system of Online Gaming; 15
- (g) “Online Gaming Website” means the internet domain registration or URL address of the Licensee through which Online Sports Gaming is conducted;
- (h) “player” means a participant of any online game as certified by the Commission; and 20
- (i) “prescribed” means prescribed by rules made under this Act.

## CHAPTER II

### REGULATION OF ONLINE SPORTS BETTING

Constitution of Online Gaming Commission.

**3.(1) The Central Government shall constitute a Commission, to be known as the Online Gaming Commission, to exercise the powers conferred upon, and to perform the functions assigned to it, under this Act.** 25

**(2) The Commission shall consist of a Chairperson, Vice-Chairperson and five members to be nominated by the Central Government, with at least one expert from the field of law, one expert from the field of cyber technology and one person with experience in law enforcement.** 30

(3) The Chairperson, Vice-Chairperson and every member of the Commission shall hold office for a period of three years from the date such person assumes office.

(4) The Chairperson, Vice-Chairperson or a member may, by writing under his hand addressed to the Central Government, resign from the office as such Chairperson, Vice-Chairperson or member, as the case may be. 35

(5) The Central Government shall remove a person from the office of Chairperson, Vice-Chairperson or a member if that person—

- (a) becomes an undischarged insolvent;
- (b) is convicted and sentenced to imprisonment;
- (c) becomes of unsound mind and stands so declared by a competent court; 40
- (d) refuses to act or becomes incapable of discharging his functions;
- (e) has in the opinion of the Central Government, so abused his position as a member, so as to render a person’s continuance in office detrimental to public interest.

**(6) The Central Government shall provide the Commission with a Secretary and such officers and employees as may be necessary for the efficient performance of the functions of the Commission under this Act.**

**(7) The salaries and allowances payable to, and the other terms and conditions of service of, the officers and employees appointed for the purpose of the Commission shall be such as may be prescribed by the Central Government.**

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| 4.  | The Commission shall—  | Function of the Commission.                |
| (a) | oversight the functioning of Online Gaming Websites;   |  |
| (b) | make periodical or special reports to the Central Government on any matter pertaining to Online Gaming;  |  |
| (c) | suggest appropriate measures to control or curb illegal Online Gaming;   |  |
| (d) | grant, suspend and revoke licenses for online gaming websites and to determine fee for license applications and license renewals of such websites; and   |  |
| (e) | any other matter referred to it by the Central Government.   |  |
| 5.  | (1) No person shall engage in Online Gaming except through an Online Gaming Website.   | Ambit of Online Gaming.                    |
|     | (2) No person shall operate an Online Gaming Server or an Online Gaming Website without a license granted under this Act.  |  |
| (3) | Any person who operates an Online Gaming Server or an Online Gaming Website without a license, shall be punishable with imprisonment for a term not exceeding three years and with such fine as may be prescribed.                     |  |
| 6.  | (1) Any person desiring to obtain a license shall make an application in writing to the Commission in such form and manner, as may be prescribed.  | License for an Online Gaming Server.       |
| (2) | On receipt of the application, the Commission may, after making such inquiry as it considers necessary, by order in writing, either grant the License or refuse to grant the License, assigning reasons for its decision.              |  |
| 7.  | (1) A license, unless it is cancelled or surrendered, shall remain in force for such period, not exceeding six years, as may be specified in it.   | Cancellation or surrender of the license.  |
| (2) | A licensee may surrender the license through a notice in writing to the Commission.  |  |
| (3) | The cancellation, surrender, or expiry of a License shall not affect any liability for anything done or omitted to be done before the date on which it ceases to have effect.  |  |
| 8.  | An applicant for the license shall pay to the Commission such amount as may be prescribed as application fee for grant of the license.   | Fee for the license.                       |
| 9.  | The license issued shall not be transferable.  | License to be non-transferable.            |
| 10. | The Commission may, on application made to it, renew the license granted under this Act, on payment of fee prescribed for renewal of a License or refuse to renew any such license after assigning the reasons for refusal in writing. | Renewal of the license.                    |
| 11. | (1) The Commission may, at any time, after giving the licensee a reasonable opportunity of being heard, suspend or cancel the license on any of the following grounds, namely:   | Suspension or Cancellation of the license. |
| (i) | that there has been a breach of any of the conditions subject to which the license was granted.  |  |

(ii) that the licensee has contravened any of the provisions of this Act or rules made thereunder.

(2) Whenever a license is suspended or cancelled, the Commission shall record the reasons for such suspension or cancellation and furnish a copy thereof to the person whose license has been cancelled or suspended.

(3) If the licensee is found to have breached any of the conditions of the license, then the licensee shall be punished with such fine as may be prescribed.

Maintenance of accounts relating to Online Gaming by the licensee.

**12.** The licensee shall maintain accounts relating to Online Gaming in such form and manner, as may be prescribed and submit it to the Commission.

Punishment for breach of conditions of license by players.

**13.(1)** If any person, other than the licensee while engaging in Online Gaming through Online Gaming Website, commits a breach of any of the conditions of the License as exhibited or of the rules to be observed in playing such games, such person shall be punished with such fine as may be prescribed.

(2) The Licensee shall exhibit on the approved website, the conditions subject to which the License was granted, and all rules governing the conduct of Online Gaming.

Request by the Commission for investigation.

**14.(1)** The Commission may request the police to investigate any acts of violations of the sections under this Chapter.

(2) It shall be lawful for any police officer, not below the rank of Deputy Superintendent of Police, to search premises and to seize materials in accordance with the provisions of the Code of Criminal Procedure, 1973.

Offences to be cognizable and bailable.

**15.** All offences under this chapter shall be cognizable and bailable.

Foreign Direct Investment and Technology Collaboration in Online Gaming.

**16.** The Central Government may, by notification, permit Foreign Direct Investment including technological collaboration, in Online Gaming, subject to any conditions or restrictions as may be prescribed.

Exclusions.

**17.** The provisions of this Act shall not apply to a person providing backend services in India, including hosting and maintenance services, for any international gaming website based outside India.

Rule-making power of the Commission.

**18. (1)** The Commission may, in consultation with the Central Government, make rules for carrying out purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, the rules may provide for all or any of the following matters, namely:—

(i) the form and manner of making an application for a License, the fees to be paid for its grant or renewal, and the conditions subject to which it may be granted;

(ii) the manner of keeping accounts relating to Online Gaming, the form in which and the intervals at which they shall be submitted to the Commission;

(iii) the restrictions or conditions with regard to the age or other conditions of the persons who may be employed for Online Gaming or may be permitted to play such games online or otherwise take part in the organization or exhibition of such games;

(iv) the restrictions or conditions with regard to the admission of participants and the fees, if any, to be charged for their admission;

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- (v) the type of notices to be exhibited and the manner in which they are to be exhibited on the Online Gaming Website;
- (vi) the restrictions or conditions with regard to providing credit facilities by the Licensee to participants of Online Gaming and the prohibition or regulation of participation by proxy in Online Gaming;
- (vii) the fine to be paid by persons for violating provisions under Chapter II of the Act; and
- (viii) any other matter which is required to be or may be prescribed.

### CHAPTER III

#### MISCELLANEOUS

**19.** The provisions of this Act, shall be in addition to and not in derogation of the provisions of any other law for the time being in force and, in case of any inconsistency, the provisions of this Act shall have effect to the extent of such inconsistency.

Act to have overriding effects.

**20.(1)** If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as may appear to it to be necessary or expedient for removal of the difficulty:

Power to remove difficulties.

Provided that no order shall be made under this section after the expiry of a period of two years from the commencement of this Act.

**(2)** Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

## STATEMENT OF OBJECTS AND REASONS

The Online gaming industry has grown leaps and bounds in the last decade in India. India has around 420 million active online gamers and the industry is slated to grow to \$5 billion by 2025. Since the gaming industry has such a profound impact on the nation, it is necessary that it should be regulated. The internet is rapidly spreading to new areas in rural India. In this context, more people will be exposed to the Online games in the coming years. The effect of long hours of gaming, especially amongst the adolescents are well known. It can impair normal socialisation, can cause physical and mental harm and even monetary loss. Many games also offer “in-app purchases” that generate huge revenue for them. In many cases, children play these games due to peer pressure and sometimes spend money to acquire these “assets” inside the game. This leads to wastage of national resources. The games also lead to wastage of productive time by the players. While the recreational utility of these games are well known, their addictive features are also well documented. In this context, it is imperative that a national commission must be instituted to regulate them. There should be rules and regulations based on which Online games should be allowed to operate in India. There should be limitations like the amount of time one can play the game every day, maximum money that could be spent by one person etc. The rules and regulations must also keep up with the times, and the Online gaming commission will be in a position to regulate the industry by setting standards accordingly.

Hence this Bill.

NEW DELHI;  
4 February, 2022.

DEAN KURIAKOSE

## FINANCIAL MEMORANDUM

Clause 3 of this Bill provides for establishment of the Online Gaming Commission. The Bill, therefore, if enacted, would involve expenditure from the Consolidated Fund of India. It is estimated that a recurring expenditure of about rupees one hundred crore per annum will be incurred from the Consolidated Fund of India.

A non-recurring expenditure of rupees one hundred crore is also likely to be involved.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clauses 3 and 18 of the Bill empower the Central Government and the Online Gaming Commission, respectively to make rules for carrying out the purposes of this Bill. As the rules will relate to matters of detail only, the delegation of legislative power is of a normal character.



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incidental thereto.

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*(Adv. Dean Kuriakose, M.P.)*