

E-Gaming Federation supports a regulatory framework that upholds skill-based gaming industry

- **New state regulation should weed out illegitimate online gaming activities which are not skill based**
- **The new framework should nurture globally recognized skill-based gaming industry which is reaching a critical mass in India**
- **Skill-based gaming industry has developed self-regulation practices, systems and technologies which if taken mainstream through regulatory collaboration can address current law and order concerns and holistically protect the interests of the players**

Chennai, June 16, 2022:

The Tamil Nadu government has recently constituted a committee headed by retired Hon'ble Justice K. Chandru, to give recommendations for the promulgation of an ordinance to regulate online gaming. The committee comprises of Thiru. B. Karthikeyan, Secretary of Government (Legal Affairs); Dr. S. Sankararaman, Professor, Indian Institute of Technology (IIT Madras); Dr. Lakshmi Vijayakumar, Psychiatrist, Founder of SNEHA Organization; and Thiru. Vinit Dev Wankhede, IPS, Additional Director-General of police, State Crime Records Bureau and will submit their recommendations within 2 weeks. The recommendations will include:

- Suggest the ways to identify the online games which are of addictive in nature leading to huge financial loss and other grave effects, including suicides
- Suggest whether online games really involve skills or mere tricks
- Collate the empirical data on ill-effects of online gaming which results in suicides, financial loss, etc.
- Examine banning of advertisements relating to online gaming
- Examine the feasibility of curtailing the online payments that is being used for playing online gaming
- Study the algorithm of online games as to whether it can be tweaked to the benefit of online gaming companies
- Make recommendation on the proposed legislation to rid the menace of such online games

The announcement is a forward-looking step which demonstrates the government's progressive intent to protect the interests of the players. While **Sameer Barde, CEO, E-Gaming Federation (EGF)** agrees with the sentiment and applauds the Tamil Nadu government's intention and also feels that the scope of the committee is comprehensive, he believes that given the complexity of issues involved, a longer period might be required and considered by the committee to deliberate on the matter thoroughly.

On different occasions, over the last seven decades, all High Court and Supreme Court judgements looking into the legality of specific skill-based games have ruled in favour of the industry. These judgements have fundamentally depended on a single unified test whether the game is predominantly skill-based or not. The Supreme Court's verdict in totality states that all games where there exists a preponderance of skill over chance are protected under Article 19(1)(g) of the Constitution of India.

Moreover, in a decision in August 2021, the Madras High Court also acknowledged that a game involving substantial skill would not tantamount to gambling. The High Court also noted that an outright ban must

be regarded as something done by the legislature capriciously, irrationally and without adequate determining principle, making it excessive and disproportionate. The judgment also protected online gaming and the nuances surrounding it thus clearing the ambiguity between gaming and gambling and locking in the legal status of online skill games in India. The court held that when it comes to card games such as rummy and poker, or board games such as chess or scrabble, there is no distinction between skill involved in physical form or in virtual/online form. It also held that wherever the better skilled would prevail more than not, is a game of skill, reinforcing that both rummy and poker are games of skill.

For the industry-at-large and for the State of Tamil Nadu, the need of the hour is an online gaming policy defining the scope of law to ensure that legitimate online skill-gaming operators can provide their services ensuring consumer protection and safety.

“We believe that the Tamil Nadu government should adopt a robust regulatory framework that safeguards players by encouraging responsible gaming and helping the legitimate skill gaming operators to grow while weeding out the illegal ones. We reiterate that the goal of the newly set up committee should be to explore the possibility of establishing a framework to regulate the gaming sector as a whole and the skill gaming sector in particular”, added Sameer Barde.

Globally, gaming is a well-regulated industry with a clear understanding of what comprises games of skill. Based on these global best practices, E-Gaming Federation has created a self-regulatory framework in the form of a code of conduct to ensure player safety. The Federation’s flagship ‘responsible play’ model involves identifying and assisting vulnerable players, protecting player data, ensuring secure payments and maintaining responsible marketing that complies with relevant codes.

As per industry reports, the Indian gaming market is poised to grow from its current valuation of \$2.2 billion to \$7 billion by 2026. With three gaming unicorns, 400+ gaming companies, 15,000+ gaming developers, and around 420 million gamers already in the fray, the Indian gaming industry holds huge potential. Furthermore, the advent of 5G, metaverse and other relevant new-age technologies lay a fertile ground for the industry’s exponential growth. Any hurried adverse policy at this juncture will prematurely impede the prospects of this budding ecosystem.

“At EGF, we are committed to providing our expertise and full cooperation to the Tamil Nadu government to evolve an effective regulatory framework for the industry. We have established a well-tested self-regulatory standard in the form of a Code of Conduct involving SSL level encryption, RNG certification, and other risk-flagging mechanisms which if brought mainstream will address many concerns mentioned in the terms of reference of the present gaming committee. We look forward to engaging with the Government in developing a standard system that will help the State establish a regulated and sustainable industry while promoting responsible gaming”, added Sameer.

About EGF:

The E-Gaming Federation (EGF) is a not-for-profit organization, founded under the Societies Regulation Act to protect consumer interest and self-regulate the Indian e-gaming sector. By developing a standard framework and operational guidelines based on the principles of safe, transparent, fair, and responsible gaming, EGF endeavors to build a unified voice shaping a favourable policy environment for regulated online gaming.

With an objective to bring a positive change in perception regarding the e-gaming industry, EGF endorses 'Responsible Play' to protect players by allowing them to minimize or stop indulging in gameplay beyond their means or for excessive periods. EGF-certified online gaming platforms offer responsible play features to the players that are intended to ensure a fair and safe online gaming experience while protecting players from any adverse consequences of online gaming.

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