



## EDITORIAL ANALYSIS

**Time: 10 min**

**Date: 04 -11-2023**

### Legality of Fantasy Sports Games in India

**Syllabus: GS2/ Government Policies & Interventions**

#### In Context

- In India, fantasy gaming is causing addiction and financial damage.

#### Gaming in India

- India mainly puts the games into two broad categories to differentiate them.
  - The two categories are that the game is either a Game of Chance or a Game of Skill.
  - **Game of chance (Gambling):** Games of chance are all those games that are played randomly. These games are based on luck. A person can play these games without prior knowledge or understanding. For instance, dice games, picking a number, etc. Such games are considered illegal in India.
  - **Game of skill (Gaming):** Games of skill are all those games that are played based on a person's prior knowledge or experience of the game. A person will require skills such as analytical decision-making, logical thinking, capability, etc. Some games might also require some initial training to win. Such games are considered legal by most of the Indian states.

#### About Fantasy gaming

- **About:**
  - Fantasy gaming apps allow users to deposit money in-app to build a virtual team or teams of players, and pit them against others.
  - Users may win different amounts, depending on players' actual on-ground performance.
  - Those who top the leaderboard win the maximum cash, with a few others also reaping in some benefit.
  - Many simply lose their money; some get back just what they had put in.
- **Legality:**
  - As per Article 19(1)(g) of the Indian Constitution, a game of skill where players must use their expertise, talent, knowledge, and strategies to analyze, think, and develop techniques to win is a legal activity.
  - The Supreme Court in its judgment has upheld the **legality of fantasy sports as it requires considerable skill and judgment.**
  - Fantasy sports are a legitimate business in India and do not fall under the Public Gambling Act, of 1867.

- **Increasing user participation:**
  - The KPMG India report, **the Business of Fantasy Sports**: It noted that the number of users participating in online fantasy sports in India has **grown at a compounded annual growth rate of 212%, increasing to 90 million users** in December 2019, from 2 million users in June 2016.
- **Drivers of growth:**
  - **Low data costs** and **increasing smartphone penetration** have played an essential role in pushing the accessibility of fantasy sports.

### **Significance of the Online Fantasy Sports Platforms (OFSPs)**

- **India's potential as a global hub for fantasy sports:**
  - With a large market of Indian sports fans and availability of digital infrastructure and engineering talent in India, India can be an engine for **growth and innovation** in fantasy sports across the world and become a global hub for fantasy sports and increase its influence in international sports development and commerce.
- **Generation of opportunities:**
  - Fantasy sports benefit a number of stakeholders while also generating direct and indirect employment opportunities, driving investment, innovation in technology, entertainment and sports development.
- **Contributing to the Country's economy:**
  - Considering its potential contribution to the Indian economy, and India's emergence as a hub for OFSPs, the fantasy sports industry has the potential to be a significant driver of economic and technological growth in India.

### **Concerns & challenges of Online Gaming**

- **Financial risks:**
  - Much like mutual funds and stock market investment firms do with all advertising, companies in the real-money gaming app space declare the cash people put in as "financially risky".
  - States have been worried about the rise in people landing in financial trouble, and worse, taking their lives from the trauma of losing lakhs of rupees when they play real-money games online.
- **Behavioural addiction and Health concerns :**
  - The World Health Organization, on May 25, 2019, officially **voted to include 'gaming disorder' as a behavioural addiction** under the International Classification of Diseases.
  - Often online gamers face the '**Passivity Phenomena**' where their **behaviour is controlled by external factors** and if they are stopped from playing these online games, they become aggressive.
  - Severe cases of addiction to online gaming are pushing many into a debt trap and, as a result, to suicides as well.

- As per the data published in the **Indian Journal of Community Medicine and Public Health 2020**, about 3.5 per cent Indian adolescents suffer from Internet Gaming Disorder (IGD).
- The rate is **0.5 percent higher than the global average**.
- **Absence of framework:**
  - There is currently no regulatory framework to govern various aspects of online gaming companies such as:
    - Having a grievance redressal mechanism,
    - Implementing player protection measures,
    - Protection of data and intellectual property rights, and
    - Prohibiting misleading advertisements.

### Suggestions & Way ahead

- **Awareness Generation:**
  - Creating **awareness on addiction and financial risks** due to online gaming particularly amongst adolescents and professionals is one of the probable solutions to the social problem of gaming addiction.
  - Parents and teachers must also participate by helping adolescents set healthy recreational limits and channelise the potential of India's youth in the right direction.
- **Licensing and Regulation:**
  - Regulation of online games may be a better and proportionate solution **rather than an outright ban**.
  - One could look at **licensing and regulating** the industry with various checks and balances such as,
    - **diligent KYC and anti-money laundering processes**,
    - **barring minors** from accessing real money games,
    - placing **weekly or monthly limits** on the money that can be staked or time that can be spent,
    - **counselling** for addictive players and **allowing self-exclusion** of such players etc.
- **Multi sectoral participation:**
  - Realising the **potential of the online gaming sector**, the State and the Union Governments should work together in consultation with industry stakeholders to draw out detailed guidelines.

### Mains Practise Question

**[Q]** What is the significance & potential of Online Fantasy Sports Platforms (OFSPs) in India? Examine the challenges posed by these Fantasy games.

