

India's New Gaming Law Transforms Landscape

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On August 22, 2025, India's 'Promotion and Regulation of Online Gaming Act, 2025' ("Act") received Presidential

assent, creating the country's first comprehensive central law to govern online gaming. Until now, regulation was fragmented, with different states treating games of skill and chance inconsistently. The Act seeks to bring uniformity, protect consumers and promote legitimate gaming avenues such as e-sports while shutting the door on real-money betting and gambling platforms. The legislation is applicable to online gaming services offered to users in India, even if such services are hosted or operated from outside India. This seeks to prevent offshore operators from bypassing Indian laws by locating infrastructure overseas.

KEY FEATURES OF THE ACT

1. Ban on Online Money Games

The law imposes a blanket ban on all forms of online games involving real money. 'Online money game' is defined as a game, whether skill or chance based, where a user pays fees, deposits money or other stakes, in expectation of winning monetary rewards/ other enrichment. Such games would include

fantasy sports, poker, rummy and any game where users receive monetary winnings. The distinction between games of skill and games of chance, long debated in Indian courts, has been set aside, with both falling under the prohibition if played for money.

2. Financial and Advertising Restrictions

Banks, payment intermediaries and digital wallets are prohibited from processing transactions linked to banned gaming activities. Also, advertising real-money gaming, whether through TV, print, digital media or influencers, is strictly outlawed.

3. Strict Penalties

Notably, the Act does not penalise players who participate in online money games, and penalties are only imposed on online money gaming services, advertisers, and financial institutions providing services to online money gaming service providers.

To deter violations, the Act prescribes stringent punishments:

i. Running or offering online money games can attract up to 3 years' imprisonment and/or an INR 1 crore fine.

ii. Advertising such games may result



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in 2 years' imprisonment and/or an INR 50 lakh fine.

iii. Repeat offenders face enhanced penalties of up to a 5 year jail term and INR 2 crore in fines.

4. Establishment of a National Regulator

A key feature of the Act is the creation of a central authority to regulate the online gaming sector. Earlier, in 2023, the Ministry of Electronics and Information Technology had introduced amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, providing for the appointment of self-regulatory bodies ('SRBs') for online games. However, no SRBs have been constituted to date.

Per the Act, the central government may establish the Online Gaming Authority - or designate an existing body - to oversee the sector.

The regulator will:

- i. Classify and register online games.
- ii. Issue guidelines and monitor compliance as well as handle complaints.
- iii. Recommend closure or blocking of unlicensed platforms.

5. Boost for E-sports and Educational Games

While shutting down gambling-style games, the Act actively encourages e-sports, social gaming and educational platforms.

An 'e-sport' is defined as a recognised online multiplayer competitive game - governed by predefined rules and registered under the National Sports Governance Act, 2025 - where outcomes are determined solely by skill (such as physical dexterity, mental agility, or strategy). It may involve entry or administrative fees and prize money, but

shall not include betting, wagering, or staking of any kind. The Act recognises e-sports as a professional pursuit and allows government-backed training academies, incentives and competitions to grow the sector.

An 'online social game' means an online game offered purely for entertainment, recreation, or skill development, that does not involve staking money with the prospect of monetary gain. Monetisation is permitted through models such as subscriptions or one-time access fees, so long as these payments are not in the nature of a stake or wager. This category is distinct from online money games and e-sports.

6. Consumer Protection and Responsible Gaming

The Act makes user safety a priority. Online platforms inter-alia must:

- i. Verify user identities.

- ii. Provide self-exclusion tools and deposit limits.
- iii. Offer grievance redressal systems.
- iv. Ensure that advertising does not target children or vulnerable groups.

7. Enforcement Powers

Authorities have been given powers to search, seize and block non-compliant gaming apps and websites, even without prior warrants. Section 16 allows officers to 'enter any place, whether physical or digital', wherein 'any place' has an expansive definition, to include premises, vehicles, computer resources, and virtual digital spaces, and also grants powers to override access controls. Platforms can also be banned under provisions of the Information Technology Act, 2000, ensuring digital takedown capabilities.

IMMEDIATE INDUSTRY IMPACT

The gaming industry has already felt tremors:


- i. Major platforms such as Dream11, Mobile Premier League, PokerBaazi, My11Circle, Zupee, WinZO, and Probo, which relied heavily on online money contests, have suspended paid formats.
- ii. The BCCI's (Board of Control for Cricket in India) sponsorship contract with Dream11, valued at nearly INR 358 crore, is being terminated to comply with the new law.
- iii. Publicly listed gaming companies like Nazara Technologies have seen significant stock value erosion following the ban.

For many startups, this Act represents an existential challenge, while for e-sports and educational gaming firms, it presents a growth opportunity backed by government legitimacy.

WHY THIS ACT MATTERS

The Act signals a turning point in India's approach to online gaming. Concerns over online money gaming, including threats to public safety and national security, like youth addiction, mental health issues, financial losses that have even led to suicide in extreme cases, and the potential abuse of gaming platforms for money laundering or terrorism financing, prompted the introduction of the Online Gaming Act. By outlawing money-based gaming while simultaneously legitimizing skill-oriented, social and educational platforms, the government has taken a dual approach - consumer protection on one hand and industry promotion on the other. It aims to prevent addiction, financial exploitation and illegal betting, while also positioning India as a hub for safe, regulated e-sports and digital gaming innovation.

CONCLUSION

Marking a historic shift in India's digital economy, the Act sets a clear boundary between gambling and legitimate gaming. It promises to safeguard consumers, protect minors and curb illegal betting operations. Although the move has disrupted fantasy sports and real-money gaming companies, it also opens the door for a more responsible and innovation-driven gaming ecosystem. In the long run, this Act ought to strike a balance between cultural concerns around gambling and India's ambition to be a global player in digital entertainment and e-sports. 



Shubhankar Das advises on a wide range of corporate and commercial matters including foreign investment, joint ventures, private equity, corporate governance, commercial contracts, technology licensing, outsourcing, and real estate. He regularly supports clients through acquisitions, negotiations, due diligence, business setup in India, compliance, and restructuring. His experience spans multiple sectors, with a strong focus on IT, data privacy, e-commerce, labour laws, FCRA, food laws, and legal metrology.