

## Promotion and Regulation of Online Gaming Bill, 2025

The Indian Parliament passed the Promotion and Regulation of Online Gaming Act, 2025, which received presidential assent on August 22, 2025. The act bans online money games, regardless of whether they are skill- or chance-based, while creating a new framework for regulating e-sports and social games.

### Background and rationale

The government's decision was driven by rising social and economic concerns related to the online gaming sector:

- **Public harm:** Concerns over addiction, financial ruin, debt, and resulting mental health issues have been cited. Minister Ashwini Vaishnaw pointed to reports of suicides linked to online gaming addiction.
- **Financial fraud:** Authorities cited cases of fraud, money laundering, tax evasion, and suspicious transactions on online gaming platforms. The Financial Intelligence Unit of India (FIU-IND) traced ₹4,000 crore in suspicious transactions in 2023.
- **National security:** The government noted the potential for gaming platforms to be used for terror financing and other illicit activities.
- **Erosion of existing laws:** The online gaming sector had largely escaped regulation, leading to a patchwork of confusing state-level laws. The new act creates a uniform, national-level framework.
- **Addressing legal ambiguity:** For decades, Indian law differentiated between "games of skill" and "games of chance," with courts protecting skill-based games as legitimate business. The new law overrides this distinction, banning all money games uniformly.

### Key provisions of the act

The new law categorizes games into three types and sets out distinct rules for each:

- **Online money games:** This category, which includes real-money games, poker, rummy, and fantasy sports, is completely banned. The ban extends to operating, advertising, or facilitating financial transactions for such games.
- **E-sports:** These are recognized as legitimate competitive sports. The act promotes e-sports development through guidelines, training academies, and incentive programs. They are defined as competitive, skill-based games with no monetary stakes.

- **Online social games:** Defined as recreational or educational games without monetary stakes, these are also promoted and regulated under the act. The government can register and support these games.

### **Establishment of a new regulatory authority**

A new national-level Online Gaming Authority will be established to provide strategic oversight for the sector. Its functions include:

- Categorizing and registering online games.
- Determining if a game qualifies as an online money game.
- Establishing operating guidelines and codes of practice.
- Managing a robust grievance redressal system for users.

### **Offences and penalties**

The law introduces strict punishments to enforce compliance:

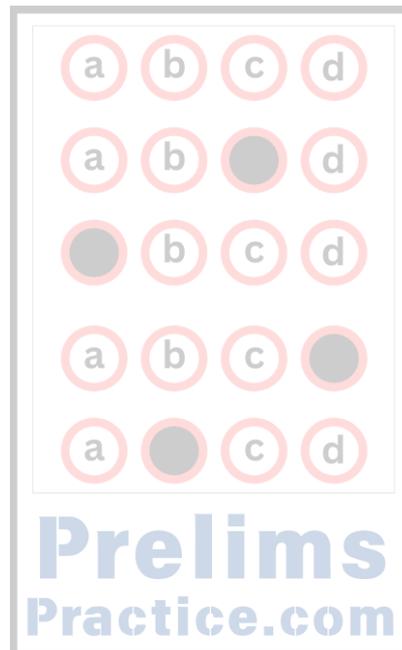
- **Offering illegal money games:** Punishable with up to three years imprisonment and fines of up to ₹1 crore.
- **Advertising banned games:** Attracts fines of up to ₹50 lakh and two years imprisonment.
- **Repeat offences:** Will lead to harsher penalties.
- **Company liability:** Companies and their officers can be held accountable, though independent directors may be exempt with due diligence.
- **Investigation and enforcement:** Authorized officers can conduct searches and seizures, including of digital property, and make arrests without a warrant.

### **Industry impact and reaction**

The legislation represents a radical shift that has provoked mixed reactions:

- **Real-money game companies:** Major platforms like Dream11, Games24x7, and MPL have pivoted away from real-money games since the new law took effect on October 1, 2025.
- **Economic consequences:** Some analyses predict significant negative consequences for the industry, including job losses and decreased foreign investment.

- **Legal challenges:** Critics argue that the blanket ban on skill-based money games is unconstitutional and violates the right to trade. Legal challenges are expected, with the Supreme Court deferring petitions related to the gaming law until November.
- **Fiscal impact:** Following an increase in GST on online gaming, tax collections saw a temporary boost, but the ban on money games will lead to a substantial drop in this revenue.



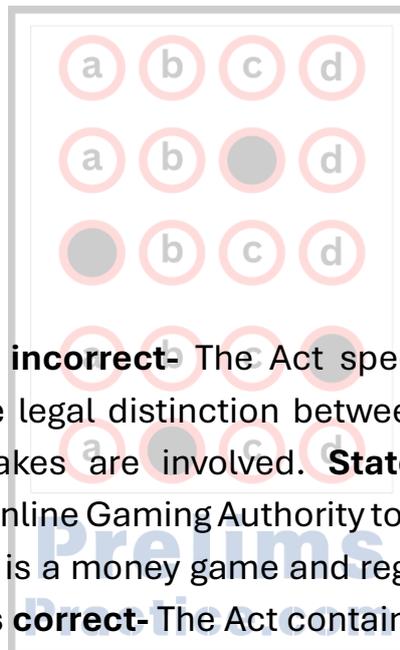
## Practice Questions:

1. With reference to the Promotion and Regulation of Online Gaming Act, 2025, consider the following statements:

- I. The Act distinguishes between "games of skill" and "games of chance," banning only the latter
- II. It creates a national-level Online Gaming Authority to categorize and regulate online games
- III. Advertising or promoting online money games is now a punishable offense under the Act.

Which of the statements given above is/are correct?

- a) I and II only
- b) II and III only
- c) III only
- d) I, II and III



**Answer: b**

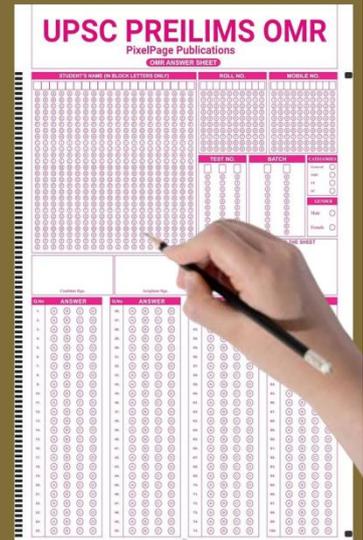
**Explanation: Statement I is incorrect-** The Act specifically bans all online money games, effectively erasing the legal distinction between games of skill and games of chance where money or stakes are involved. **Statement II is correct-** The Act establishes or designates an Online Gaming Authority to oversee the sector. Its functions include determining if a game is a money game and registering legitimate e-sports and social games. **Statement III is correct-** The Act contains strict penalties for advertising or promoting online money games, including fines and imprisonment.

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