

## India's online gaming law: Prohibition, promotion, and compliance

The Promotion and Regulation of Online Gaming Act, 2025 ("**Gaming Act**"), received the assent of the President on August 22, 2025<sup>1</sup>, after being passed by both Houses of the Indian Parliament. This represents a landmark shift in India's approach to digital gaming. The Gaming Act aims to prohibit online money gaming and promote and regulate e-sports and casual non-money gaming. Its provisions extend across India and also apply to online money gaming services offered from outside the country but made available within its territory.

### Key takeaways

1. **The different games:** The Gaming Act establishes a clear 3 (three) tiered classification for online games:
  - a) 'E-sports' are defined as online games played in organised, competitive events, with outcomes determined solely by a player's physical dexterity, mental agility, or strategic thinking. Crucially, they are also recognised under the National Sports Governance Act, 2025, and must not involve any form of betting or wagering.
  - b) 'Online social games' are those offered for entertainment, recreation, or skill development, which do not involve the staking of money or other stakes with the expectation of winning money in return. These games may, however, be monetised through a subscription or one-time access fee, provided it does not constitute a stake or wager.
  - c) 'Online money game' is defined as a game where a user pays a fee, deposits money, or uses other stakes with the expectation of winning monetary or other enrichment in return, irrespective of whether the game is based on skill or chance. E-sports are explicitly excluded from this final category.
2. **Promotion of E-sports and Online social games:** The Central Government is tasked with taking necessary steps to recognise and register e-sports as a legitimate form of competitive sport in India and to promote and develop the sector. Such measures may include forming guidelines for e-sports events, establishing training academies, and introducing incentive schemes. Similarly, the government will take steps to recognise, categorise, and register online social games to facilitate their development for recreational and educational purposes. This can include creating mechanisms for registration and supporting initiatives to increase public access to safe and age-appropriate content.
3. **Ban on online money gaming:** The Gaming Act imposes a sweeping prohibition on all online money games. It explicitly states that no person will offer, aid, abet, induce, or otherwise be involved in the offering of an online money game or online money gaming service. The 'Statement of Object and Reasons' attached to the Gaming Act

<sup>1</sup> The Gaming Act will come into force only on such date as may be notified by the Central Government in the Official Gazette.

indicates that this is a deliberate move to prohibit rather than regulate these games due to their 'deleterious and negative impact' on individuals, families, society, and the nation.

4. **Ban on advertising:** The prohibition extends to advertising as well. No person is permitted to make, cause to be made, or be involved in any advertisement, in any media, that directly or indirectly promotes or induces people to play any online money game or indulge in online money gaming.
5. **Ban on financial transactions:** The Gaming Act also imposes a strict ban on financial transactions related to online money gaming. Banks, financial institutions, and any other person that facilitates financial transactions are prohibited from engaging in, permitting, aiding, or otherwise facilitating any transaction of funds toward a payment for an online money gaming service.
6. **Penalties and liability:** Violations of the Gaming Act carry severe penalties. Offering online money gaming services or facilitating related fund transfers can result in imprisonment for a term of up to 3 (three) years, a fine of up to INR 1,00,00,000 (Indian Rupees one crore), or both. Advertising a prohibited game is punishable by imprisonment for up to 2 (two) years and a fine of up to INR 50,00,000 (Indian Rupees fifty lakh). For repeat offenses for offering services or fund transfers, the penalties are even more stringent, including a mandatory minimum imprisonment of 3 (three) years and a fine of at least INR 1,00,00,000 (Indian Rupees one crore).

The Gaming Act also addresses corporate liability, stating that if an offense is committed by a company, both the company and every individual in charge of and responsible for the relevant business at the time of the offense will be held liable.

7. **Regulatory framework and enforcement:** The Central Government has been empowered to establish or designate an authority to assist in the Gaming Act's functions. This authority has the power to determine whether a game is an online money game and to recognise, categorise, and register online games. The Gaming Act also grants broad enforcement powers, including the authority for government officers to conduct warrantless searches and arrests in any physical or digital place if they have a reasonable suspicion of an offense. Offences for offering services and fund transfers are designated as cognisable and non-bailable.

## Regulatory and operational ambiguities

The current version of the Gaming Act leaves several critical details unclear, creating a need for further clarification. It does not provide a timeline for ceasing the operations of online money games, nor does it specify how companies should handle existing user balances. This creates a situation where platforms could be in immediate violation of the law once it comes into force, as the Gaming Act imposes a complete and immediate ban on offering such services.

The Gaming Act also delegates significant powers to the Central Government to define key aspects of its implementation through future rules. The manner of recognising, categorising, and registering other online games is left to be prescribed later, which is a major source of uncertainty for the industry.

## Conclusion

The Gaming Act marks a decisive move by the Central Government to bring online money gaming under its direct regulatory control. While 'betting and gambling' have traditionally fallen within the States' jurisdiction, the Central Government justifies its intervention by framing online money gaming as a national security issue, highlighting risk of money laundering, terror financing, financial fraud, and misuse by terrorist organisations. By doing so, the Gaming Act shifts the debate from the Union List–State List divide to the Central Government's plenary powers over sovereignty, public order, and national security.

It also departs from judicial precedents and existing State laws by uniformly prohibiting both games of skill and chance, effectively shutting down real-money formats such as rummy and fantasy sports. Backed by stringent penalties and a wide enforcement framework, the Gaming Act signals a push toward tighter centralised control of the digital sector.

## Gaming Law Practice

With the advent of the Internet, mobile gaming, eSports and the proliferation of sports wagering we represent technology providers for internet and mobile gaming, various operators and payment solution companies seeking to work with and form partnerships with this industry. Our lawyers have substantial experience in all facets of gaming laws, covering a range of issues confronted by our clients within the industry, including those related to technology, equipment, and faced by service provider to the industry. Additionally, our teams support clients in regulatory and compliance matters, including assisting our clients in obtaining regulatory approvals, drafting internal compliance procedures and, conducting internal investigations in connection with alleged regulatory violations. In recent years, JSA has built a niche in advising online/mobile gaming, gambling and e-sports companies and technology providers. JSA also counsels such businesses in a range of corporate matters, including financings, mergers & acquisitions, labour and employment matters, and all facets of litigation.

JSA helps navigate all the complexities of the industry, and our experience stretches across the complete spectrum of gaming and esports, including: (a) Interactions with regulatory bodies; (b) Structuring and negotiating agreements between the various parties involved in this highly regulated industry; (c) Advising on the aspects of a game may categorize it to be gambling; (d) Drafting terms and conditions of a game, mobile gaming applications, e-sport tournaments and other such events/competitions; (e) Advising on compliance matters, including regulations in internet and mobile gaming; (f) Conducting and supporting internal audits, investigations and diligence exercises.

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41 Ranked Lawyers



7 Ranked Practices,  
21 Ranked Lawyers



14 Practices and  
12 Ranked Lawyers



12 Practices and 50 Ranked  
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