



Parliament passes the Promotion and Regulation of Online Gaming Bill, 2025

In a surprise move, the Lok Sabha yesterday and in quick succession the Rajya Sabha today passed the *Promotion and Regulation of Online Gaming Bill, 2025* (“**Online Gaming Bill**” or “**Bill**”) which imposes a sweeping ban on all forms of online money games. While the Bill seeks to promote and regulate segments like e-sports and social gaming, it categorically prohibits online money games, citing risks to public health, consumer safety, and financial integrity. The Bill seeks to establish a national framework that balances innovation in gaming with strict safeguards against addictive and harmful practices. The Bill will now have to await Presidential assent, until it becomes law.

I. Key provisions of the Bill

These include:

- A blanket prohibition on offering, facilitating, advertising, or participating in online money games, whether based on skill, chance, or both.
- A ban on banks, financial institutions, and payment facilitators from processing transactions related to online money gaming services.
- Establishment of a statutory authority (Authority) to regulate online gaming, classify games, and enforce compliance.
- Strict penalties: imprisonment up to three years and fines up to INR 10 million (USD ~115,000) for violations, with enhanced punishment for repeat offences.
- Provisions making such offences cognizable and non-bailable, along with powers of search, seizure, and blocking of online money gaming platforms

II. Summary of the Bill

PARTICULARS	PROVISIONS
What does the Bill seek to achieve?	<p>The Bill seeks to address existing regulatory gaps and associated risks, while also harnessing the economic opportunities of the rapidly growing online gaming market. In particular, the Bill addresses the:</p> <ul style="list-style-type: none"> ▪ absence of institutional / legal framework for coordination, capacity building, infrastructure and innovation; ▪ rising harms from online money games such as addiction, financial losses, psychological and public health harms, especially for youth and vulnerable groups; ▪ manipulative design, aggressive advertising, and offshore operators linked to financial fraud, money laundering, tax evasion, and national security threats; and ▪ need for a uniform national legal framework to regulate, categorise game types, protect consumers and safeguard against associated risks.

Types of games that are subject matter of the Bill	<p>The Bill identifies online games into three categories:</p> <ul style="list-style-type: none"> ▪ E-sports: games played competitively in organized, multi-sport events or tournaments, governed by predefined rules and officially recognized under the National Sports Governance Act, 2025. These are games where the outcome is determined purely by players' skill such as physical dexterity, mental agility, or strategic thinking, and not by chance. While participation may involve registration or administrative fees with prize money for performance, it expressly excludes any form of betting, wagering, or staking. ▪ Online social games: games for entertainment, learning, or skill development, provided they do not involve monetary stakes (except subscription fee or one-time access fee). ▪ Online money games: games of skill, chance, or both, in which participants deposit money or other stakes or valuables in expectation of the possibility of monetary returns or other enrichment or other stakes. <ul style="list-style-type: none"> - The phrase "other stakes" is widely defined to mean anything recognised as equivalent or convertible to money (includes credits, coins, tokens or objects, real or virtual).
What does it prohibit?	<p>The Bill prohibits:</p> <ul style="list-style-type: none"> ▪ The offering of, directly or indirectly, online money games or online money gaming services; ▪ All forms of advertisement, directly or indirectly, promoting or inducing any person to play online money games or indulges in any activity promoting online money games; ▪ Financial institutions or payment intermediaries from facilitating any transaction towards payment of any online money gaming service.
Regulatory structure	The Bill empowers the Central Government to establish a dedicated Authority to classify games, register platforms, oversee compliance, and issue policy directions.
Punishable offences	Violations including offering or advertising money games or facilitating related payments are punishable with imprisonment and fines ranging from INR 5 million (USD ~57,500) to INR 10 million (USD ~115,000). Repeat offences attract harsher penalties, including higher fines and extended imprisonment.
Power to block and search	The Bill empowers the government to block websites or digital resources offering prohibited games and confers wide powers on enforcement officers. For example, enforcement officers are empowered to enter any place (physical or digital) and conduct searches and arrest without warrant any person on grounds of reasonable suspicion, and subject to certain procedural safeguards.

III. What's on the line for key stakeholders, should the Bill result into a law?

- **Online gaming companies/ platforms.** All operators of real-money games will have to halt their offerings. Games with entry fees or prize money must either be restructured into non-monetary formats or shut down entirely.
- **Digital platforms and advertisers.** Online platforms, media companies, and ad networks are required to cease advertising of money games. Celebrities and influencers who endorse such games may face direct liability. Advertisers will need to redirect budgets towards compliant alternatives, such as community gaming, educational apps, or officially supported e-sports events.
- **Financial institutions and payment processors.** Banks, wallets, and payment gateways are prohibited from processing payments linked to banned games. They must adopt strong monitoring systems to detect and block such transactions or face regulatory penalties.

- **Users.** While players themselves will not be penalised, they will lose access to money-based games. They can continue to participate in e-sports and other non-monetary social or educational games.
- **Scale of disruption.** The Bill, if enacted as a law, will cause huge disruptions in the online gaming market. India's online gaming sector is expected to grow more than two-fold, reaching INR 78,551 crore (USD 9.1 billion) by 2029, up from INR 31,938 crore (USD 3.7 billion) in 2024.¹ The online real money gaming directly and indirectly employs over 200,000 people and contributes more than INR 25,000 crore (~USD 3 billion) annually in taxes. Industry estimates also peg GST losses from offshore gambling operators at over USD 4 billion, which is higher than the USD 3.5 billion in revenue generated domestically by these gaming operators.²

IV. Potential roadblocks

- **Legislative competence.** Betting and gambling fall under the State List (Entry 34, Seventh Schedule). While it appears that the Parliament may have sought to draw its legislative powers from one or more entries of List I (including Entry 42 and Entry 52)³, it remains to be seen how constitutional courts are likely to view this.
- **Violation of fundamental rights.** The constitutional courts have long distinguished games of skill from games of chance, and unreasonable restrictions on games requiring substantial skill have been found to be violative, amongst others, of the right to carry on any trade or business.⁴ By imposing a blanket ban on all forms of online money games regardless of level of skill involved, the Bill could attract intense judicial scrutiny.

V. Looking ahead

The Online Gaming Bill marks the most sweeping federal intervention in India's gaming sector to date. While it creates new opportunities by legitimizing and promoting e-sports and educational/social gaming, it simultaneously extinguishes the real-money gaming industry, a sector that has attracted online gaming billions in investment and generated significant tax revenues.

The Online Gaming Bill's blanket prohibition without recognizing judicially established protections for skill-based games creates a high likelihood of constitutional challenge. Stakeholders should prepare for compliance restructuring, investment pivots, and possible litigation as the Online Gaming Bill awaits Presidential assent.

We hope you have found this information useful. For any queries/clarifications please write to us at insights@elp-in.com or write to our authors:

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¹ India's online gaming sector may cross Rs. 77,688 crore (US\$ 9 billion) by 2029: Report, available at <https://www.ibef.org/news/india-s-online-gaming-sector-may-cross-rs-77-688-crore-us-9-billion-by-2029-report>, last accessed on August 21, 2025.

² India's real-money gaming ban could put \$25-billion sector and 200,000 jobs at risk, industry warns, available at <https://www.moneycontrol.com/news/business/startup/india-s-real-money-gaming-ban-could-put-25-billion-sector-and-200-000-jobs-at-risk-industry-warns-13469334.html>, last accessed on August 21, 2025.

³ Entry 42 - Inter-State trade and commerce; Entry 52 - Industries, the control of which by the Union is declared by Parliament by law to be expedient in the public interest; List I Seventh Schedule, The Constitution of India, 1950.

⁴ State of Bombay v. R.M.D. Chamarbaugwala (1957 SCC OnLine SC 12), R. M. D. Chamarbaugwala v. The Union Of India (1957 SCC OnLine SC 11), and Junglee Games India Private Limited v. State of T.N. (2021 SCC OnLine Mad 2762).