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The Gaming Bill 2025: Redefining India's Online Gaming Landscape



Introduction

India's online gaming industry, one of the fastest-growing segments of the digital economy, now stands at a decisive turning point. The Promotion and Regulation of Online Gaming Bill, 2025 "the Bill" draws a sharp distinction between permissible and prohibited activities – banning all forms of real-money gaming (RMG) involving user deposits and monetary gains, while promoting e-sports and casual gaming within a regulated framework.

The stakes are high: in 2024, India's gaming sector counted over 500 million users, with RMG alone contributing 155 million players and nearly 85% of the ₹25,000–31,000 crore industry revenue. Popular formats like fantasy sports, rummy, and poker had set the stage for projected growth to ₹50,000 crore by 2028 at a 20% CAGR.

By centralizing control to mitigate social risks but simultaneously overriding long-standing legal recognition of skill-based games, the Bill risks dismantling a crucial pillar of India's digital economy. Its sweeping approach could trigger economic disruption and legal challenges even as it attempts to reshape the industry's future.

We will now deep dive into the proposed framework, its implications, and the contentious issues it raises.

Landmark Happenings in the Indian Gaming Industry

Here's a list of some significant events that have shaped the Indian gaming landscape:

Year Wise

2013–2015:

- Emergence of Mobile Gaming:
- The rise of smartphones introduces a new generation of gamers.
- Angry Birds and Candy Crush gain immense traction in India.
- Indian game development studios like Games2win emerge.
- Fantasy sports platforms like Dream11 start gaining significant popularity.

2016–2018: A Perfect Storm

- Surge in Esports popularity
- Launch of Reliance Jio
- Goods and Services Tax (GST) is introduced but its applicability to online gaming remains ambiguous.
- Integration of Paytm for in-app purchase options within mobile games.

2018: Rise of Fantasy Sports and Esports in India

- Tencent invests \$100 million in Dream11, major foreign investment in the Indian gaming industry.
- Dream11 becomes the title sponsor of the IPL (Indian Premier League).
- NODWIN Gaming organizes the first edition of the India Esports League.

2020: Mobile Gaming Boom and Unicorns Emerge

- MPL acquires Nazara Games' mobile gaming subsidiary for \$400 million.
- Dream11, MPL, and Games24x7 achieve unicorn status.

2021: Record-Breaking Year for Indian Gaming Funding

- Indian gaming companies witness a record-breaking year in terms of funding, with over \$2 billion raised.

2022: Esports Gains Recognition and Makes its Asian Games Debut

- The Indian Olympic Association (IOA) recognizes esports as a legitimate sport.
- The Asian Electronic Sports Federation (AESF) hosts the first edition of the Asian Games esports competition, with India participating.

2023: Regulatory Changes and Continued Growth in Indian Gaming

- The GST (Goods and Services Tax) Council introduces a 28% tax on online gaming.

- Krafton, the developer of PUBG Mobile, establishes its first Indian studio.
- The first edition of the National Games esports competition takes place in India
- Zerodha's Nikhil Kamath invests Rs 100 crore in gaming company Nazara

The Proposed Changes

The Online Gaming Bill 2025 proposes changes so fundamental that they amount to a complete reimagining of how India approaches digital gaming.

1. Prohibition of Use of Money in Gaming

Chapter III of the Bill, stipulates the following:

- Prohibition of online money game and online money gaming service.
- Prohibition of advertisement related to online money game.
- Prohibition of transfer of fund.

This is the most significant change in the bill. By eliminating the traditional **skill versus chance distinction**, the legislation effectively declares that the nature of the game itself is irrelevant if money changes hands. This represents a philosophical shift from evaluating games based on their inherent characteristics to focusing solely on their monetary aspects.

2. Dichotomy in definitions for promotion of Gaming:

The Bill proposes 3 main definitions for categorisation of games:

Sr. No.	Concept	Definition	Whether allowed under the new bill
1.	Online Money Game Example: Dream11, My11Circle, Junglee Rummy, PokerBaazi	An online game involving a fee, money, or stake paid by a user with the expectation of winning monetary or other rewards, regardless of whether the game is based on skill, chance, or both; excluding e-sports. ¹	No

¹ "online money game" means an online game, irrespective of whether such game is based on skill, chance, or both, played by a user by paying fees, depositing money or other stakes in expectation of winning which entails monetary and other enrichment in return of money or other stakes; but shall not include any e-sports.

2.	E-Sport Example: League of Legends, Dota, CS: GO, Overwatch, BGMI	An online game played as part of multi-sport events featuring organized competitive multiplayer matches governed by predefined rules, recognized under the National Sports Governance Act, 2025, where outcomes depend solely on players' skill such as physical dexterity or strategic thinking; may involve registration fees and performance-based prizes, but excludes any form of betting, wagering, or stakes by participants or others. ²	Yes
3.	Online Social Game Example: Minecraft, Clash of Clans, Pokémon Go, GTA Online	An online game that does not involve staking money or other stakes with monetary gain expectations, may require a subscription or one-time access fee not considered a wager, is offered solely for entertainment, recreation, or skill development, and is neither an online money game nor an e-sport. ³	Yes

²"e-sport" means an online game which -- (i) is played as part of multi-sports events; (ii) involves organised competitive events between individuals or teams, conducted in multiplayer formats governed by predefined rules; (iii) is duly recognised under the National Sports Governance Act, 2025, and registered with the Authority or agency under section 3; (iv) has outcome determined solely by factors such as physical dexterity, mental agility, strategic thinking or other similar skills of users as players; (v) may include payment of registration or participation fees solely for the purpose of entering the competition or covering administrative costs and may include performance-based prize money by the player; and (vi) shall not involve the placing of bets, wagers or any other stakes by any person, whether or not such person is a participant, including any winning out of such bets, wagers or any other stakes.

³"online social game" means an online game which – (i) does not involve staking of money or other stakes or participation with the expectation of winning by way of monetary gain in return of money or other stakes; (ii) may allow access through payment of a subscription fee or one-time access fee, provided that such payment is not in the nature of a stake or wager; (iii) is offered solely for entertainment, recreation or skill-development purposes; and (iv) is not an online money game or e-sport.

This creates a stark dichotomy where competitive gaming is celebrated when conducted without monetary stakes but criminalized when money enters the equation. It suggests that the legislation's concern lies not with digital gaming per se, but specifically with the intersection of gaming and monetary transactions.

3. Enforcement Architecture

Chapter IV of the Bill stipulates the constitution of the Gaming Authority by the central government.

The enforcement provisions extend far beyond traditional regulatory tools. Section 8 (2) determines the powers of the Gaming Authority. Overall, the Bill empowers the Central Government to grant the Gaming Authority the following powers:

1. Gaming Authority establishment with powers to determine game classifications
2. Authorized officers receive broad powers including search and seizure capabilities that explicitly extend to "virtual digital spaces". These provisions acknowledge the digital nature of modern gaming while providing law enforcement with tools to address technological circumvention attempts.
3. Any additional powers and functions as prescribed. These penalties escalate significantly for repeat offenders, with mandatory minimum sentences reaching up to five years. Chapter V deals with penalties in the following manner:

Offense	Penalty
Operating RMG services	Up to 3 years, or ₹1 crore fine, or both
RMG advertising	Up to 2 years, or ₹50 lakh fine, or both
Payment facilitation	Up to 3 years, or ₹1 crore fine, or both
Repeat offenses	Up to 5 years, with a mandatory minimum of 2 years, and a fine of minimum ₹50 lakh extending up to ₹2 crore

Impact of the Bill

Impact Area	Details
Industry Displacement	RMG sector (USD 2.2 billion in 2023, projected to reach USD 8.6 billion by 2028) faces complete elimination. Contributed 82.8% of market share in FY23. ⁴
Revenue Loss	Potential loss of ₹20,000 crore in taxes. Projected direct tax contribution of ₹6,500–6,800 crore and GST of ₹75,000–76,000 crore during FY24–28. ⁵
Startups and Investment	Over 400 RMG startups and ₹22,931 crore invested between FY20–24. ⁶ Ban could severely impact the startup ecosystem and deter future investments.
User Protection vs. Access	Prohibition may push 568 million gamers toward illegal offshore platforms, increasing risks like fraud and lack of consumer protection. ⁷
Employment Impact	Sector directly and indirectly employs over 100,000 professionals, with potential to create 250,000 jobs in the coming decade. ⁸ Threatens employment generation.
Technology and Innovation Impact	Could stifle innovation in a sector that employs over 200,000 professionals and has attracted ₹25,000 crore in FDI. ⁹

⁴<https://economictimes.indiatimes.com/tech/technology/indias-online-gaming-sector-may-cross-9-billion-by-2029-report/articleshow/119209014.cms?from=mdr>

⁵<https://www.newkerala.com/news/o/industry-seeks-urgent-meeting-govt-bill-regulate-online-gaming-977>

⁶<https://gamingshow.in/gamingindustry.php>

⁷<https://www.ibef.org/blogs/india-s-thriving-gaming-market>

⁸<https://www.orfonline.org/research/harnessing-the-potential-of-online-gaming-in-india>

⁹<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>

Contentious Issues surrounding the Bill

The proposed legislation faces several significant challenges that may complicate its implementation and effectiveness.

1. Constitutional Contradictions:

Given that gambling traditionally falls within state jurisdiction, the central government's assertion of authority over this domain may face judicial scrutiny.

a. Challenges Under Article 19(1)(g): Right to Practice Any Profession, Occupation, Trade, or Business

The Bill's blanket ban on online money games, without distinguishing between skill-based games (like fantasy sports and poker) and games of chance, may be challenged as an unreasonable restriction under Article 19(1)(g) of the Constitution, which guarantees the right to carry on business subject to reasonable public interest restrictions. Indian courts, including the Supreme Court and various High Courts, have historically protected skill-based games as legitimate businesses, not gambling. The Bill's failure to reflect this distinction risks invalidating these precedents and threatens a \$23 billion industry employing lakhs of people.

Critics argue the total ban is disproportionate and violates the proportionality principle established by the Supreme Court, which requires restrictions to be necessary, least intrusive, and balanced. Further, prohibitions on advertising and financial transactions may infringe on commercial speech and trade, causing collateral harm to related businesses. Given these concerns, legal challenges are expected, with petitions likely to argue that the Bill exceeds the permissible scope under Article 19(6) and undermines constitutional protections afforded to skill-based gaming enterprises.

b. Challenges Under Article 21: Right to Protection of Life and Personal Liberty

The Bill's enforcement provisions, especially warrantless searches and arrests (Section 16), raise serious concerns under Article 21, which protects life, personal liberty, privacy, and due process. Authorized officers can enter any place—including digital spaces like emails and social media—without warrants, bypass access controls, and arrest on reasonable suspicion. Such broad powers risk arbitrary surveillance and privacy violations without judicial oversight, failing the tests of necessity and proportionality affirmed in *K.S. Puttaswamy v. Union of India* (2017).

Although the Bill aims to prevent unlawful activities like fraud, these measures may be seen as excessive and open to abuse. The Supreme Court has previously struck down invasive powers lacking procedural safeguards. Additionally, the Bill's threat to jobs in the sector could indirectly violate the right to dignified life under Article 21, as recognized in *Olga Tellis v. Bombay Municipal Corporation* (1985), linking economic security to personal liberty.

2. Ambiguous Definitions

The bill's approach to e-sports recognition creates potential ambiguities. While competitive gaming receives exemption through recognition under the National Sports Governance Act 2025, the criteria for such recognition remain unclear. This uncertainty could create significant compliance challenges for gaming platforms attempting to navigate the boundary between prohibited RMG and protected e-sports.

Additionally, the complete abandonment of skill-based distinctions eliminates a legal framework that has been refined through decades of judicial interpretation. This creates a regulatory vacuum that may prove difficult to fill with purely administrative determinations.

3. Implementation Realities

The practical challenges of enforcement cannot be understated. The global nature of digital gaming means that prohibition may simply redirect users toward unregulated offshore platforms.

Conclusion

The Online Gaming Bill 2025 represents a **fundamental shift from regulation to prohibition** in India's approach to real money gaming. While aiming to protect users from potential harms, the bill's blanket prohibition approach contrasts sharply with established legal precedents that distinguish skill-based games from gambling. The legislation poses significant challenges to a thriving industry that has contributed substantially to employment, innovation, and government revenues.

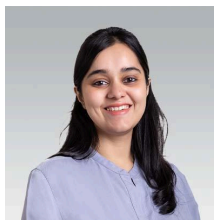
The ultimate impact will depend on the implementation details, judicial scrutiny of the law's constitutional validity, and the government's ability to balance user protection with economic development in the digital economy.

Want to Know More?

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