



Promotion and Regulation of Online Gaming Act, 2025

For Prelims: Online Gaming, Real Money gaming (RMG) Industry, Digital Payment System, Foreign Exchange Management Act, 1999 (FEMA).

For Mains: Factors leading to the rise of the gaming industry in India, Need of code of ethics and deregulating India's online gaming sector.

[Source: ET](#)

Why in News?

The Act, passed by Parliament, encourages **e-sports and online social games** while **prohibiting harmful online money gaming services**, advertisements, and financial transactions related to them.

- The act was introduced in Parliament as a **Finance Bill under Articles 117(1) and 117(3) of the Constitution**, with the President's recommendation.

What is Promotion and Regulation of Online Gaming Act, 2025?

- **About:** The Act seeks to create a **comprehensive legal framework to regulate, promote, and support the online gaming sector**, fostering a responsible digital environment for citizens.
- **Ban on Online Money Games:** The act **completely prohibits offering, advertising, or facilitating financial transactions for real money games**.
 - Banks and financial institutions are barred from processing payments for such platforms.
 - Authorities empowered under the **IT Act, 2000** to block unlawful platforms.
- **Key Provisions of the Act: Online games are classified in the following manner:**
 - **E-Sports:** Recognized as a legitimate sport, competitive digital sports played through organized tournaments, requiring skill.
 - **Online Social Games:** Primarily skill-based games designed for entertainment, or social interaction. **Examples: Wordle.**
 - **Online Money Games:** Games involving financial stakes, whether based on chance, skill, or both. Players pay fees or deposit money with the expectation of monetary or other gains. **Examples: Dream11, Poker, Rummy.**
- **Applicability of the Act: Across India and includes online money gaming services offered within India or operated from outside but accessible in India.**
- **Promotion of Positive Gaming:**
 - **E-Sports:** Ministry of Youth Affairs & Sports to frame guidelines, establish training academies, and research centres.
 - **Social/Educational Games:** Union Government can recognize, register, and promote safe, age-appropriate platforms for learning and recreation.
- **Regulatory Body: A national-level regulator to:**
 - Categorize and register games.
 - Determine if a game qualifies as a **money game**.

- Handle complaints and grievances.
- The Central Government is authorized to appoint officers with powers of investigation, search, seizure, and arrest (in certain cases even without a warrant).
- **Offences and Penalties:**
 - Offering online money games: **Up to 3 years imprisonment and ₹1 crore fine.**
 - Advertising banned games: **Up to 2 years imprisonment and ₹50 lakh fine.**
 - Offences are **cognisable and non-bailable.**
- **Liability Clause:** **The Act makes companies and their officers accountable, while independent and non-executive directors are exempt if they can demonstrate due diligence.**

Online Gambling

- **About:** Online games are defined as those played on **electronic or digital devices and operated through software using the internet** or other electronic communication technologies.
 - It facilitates real-time interaction and competition between players, regardless of their location.
- **Classification:**
 - **Skill-Based Games:** They prioritize skill over chance and are legal in India. E.g., **Game 24X7, Dream11, and Mobile Premier League (MPL).**
 - **Games of Chance:** Their outcome depends mainly on luck rather than skill and are illegal in India. E.g., **Roulette, which attracts players primarily for monetary rewards.**
- **Market Size:** **In 2023, India became the world's largest gaming market with 568 million gamers and 9.5 billion app downloads.**
 - The market, valued at USD 2.2 billion in 2023, **is projected to reach USD 8.6 billion by 2028.**

What are the Key Growth Drivers of India's Gaming Industry ?

- **Economic Drivers:** **India's vibrant start-up ecosystem, supported by Start-up India and Atmanirbhar Bharat framework, has fostered the growth of numerous gaming companies and platforms.**
 - These startups are driving innovation and catering to the diverse gaming preferences of Indian consumers, contributing to the expansion and evolution of the gaming industry in the country.
 - India has produced numerous gaming unicorns, including **Games24X7, Dream11 and Mobile Premier League.**
 - In the last few years, gaming companies raised **USD 2.8 billion from domestic and global investors**, amounting to 3% of total startup funding in India.
 - **NVIDIA** has announced the launch of its cloud gaming service in India in November 2025.
- **Technological Enablers;**
 - Initiatives such as **BharatNet and the National Broadband Mission (NBM)** are focused on **providing high-speed internet to rural and remote regions.**
 - The 5G rollout has further boosted internet speeds and lowered latency, crucial for a smooth gaming experience.
 - A recent survey by MoSPI reveals that over 85% of Indian households now own smartphones, with internet access available within the premises for 86.3%.
 - Mobile phones contribute to 90% of the gaming market in India as compared to about 37% and 62% in the US and China, respectively.
- **Policy & Cultural Shifts:**
 - IT Rules 2021, self-regulatory bodies, and the **AVGC Task Force** created a framework for safe growth.
 - Gamers honored in the **Content Creators Award; Create in India Campaign** promotes content creators.

- Covid-19 lockdown drove **50% industry growth**, with average gaming time rising from **2.5 to 4.1 hrs/day**, turning gaming into a **legitimate career path**.

How is the Gaming Industry Regulated in India?

▪ Information Technology Act, 2000 & Rules

- The **IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021**, amended in April 2023, set standards for online gaming platforms.
- Intermediaries must prevent the circulation of unlawful/illegal content.
- Platforms offering money games must register with **Self-Regulatory Bodies (SRBs)**, which determine if a game is permissible.
- **Section 69A** empowers the government to block illegal sites/apps — **1,524 betting and gambling platforms blocked (2022-June 2025)**.

▪ Bharatiya Nyaya Sanhita, 2023:

- **Section 111**: Penalises unlawful economic activities and cybercrimes.
- **Section 112**: Punishes unauthorised betting/gambling with **1-7 years imprisonment and fines**.

▪ Integrated Goods and Services Tax (IGST) Act, 2017:

- Extends to illegal/offshore gaming platforms.
- Online money gaming suppliers must register under the **Simplified Registration Scheme**.
- The **DG of GST Intelligence** can direct blocking of unregistered/non-compliant platforms.
- Ensures digital gaming entities follow the same taxation norms as physical businesses.

▪ Consumer Protection Act, 2019

- Prohibits **misleading/surrogate advertisements**.
- The **CCPA** can investigate, penalise, and initiate criminal proceedings.
- Advisories issued to restrict **celebrities/influencers from endorsing betting platforms**.

Initiatives to Counter Online Gaming Risks



Information Technology Act, 2000

The IT Act and related rules address online gaming risks. Intermediaries must register with self-regulatory bodies. Section 69A allows blocking illegal websites.



Bharatiya Nyaya Sanhita, 2023

Sections 111 and 112 penalise unlawful economic activities, cybercrimes, unauthorised betting, and gambling.



Integrated Goods and Services Tax Act, 2017

The IGST Act regulates illegal and offshore gaming platforms. Online money gaming suppliers must register under the Simplified Registration Scheme.



Consumer Protection Act, 2019

This act prohibits misleading advertisements. The CCPA can investigate, penalise, and take criminal action against offenders.

What are the Key Concerns of India's Online Gaming Industry and Suggest Measures to Strengthen It?

Concerns	Measures
Regulatory Ambiguity – Fragmented state laws; no clear distinction between skill-based gaming and gambling.	Establishment of a national regulatory body; strengthen self-regulatory bodies (SRBs) for clarity.
Illegal Gambling & Money Laundering – Offshore sites thriving; risks of terror financing, misuse of remittance routes.	Collaborate with banks & payment gateways to block illegal transactions; real-time monitoring; global anti-money laundering cooperation.
Addictive Behaviour – Excessive play leads to stress, financial ruin, suicidal tendencies (23% youth affected).	Introduce age-gating, spending limits, self-exclusion tools; integrate mental health support; run public awareness campaigns.
Cyberattacks – Data breaches (11 mn accounts in 2024); risks from VPN/geo-blocker bypass.	Strengthen cybersecurity with audits, encryption, intrusion detection; comply with data protection norms.
Financial Risks – Vulnerable users overspend (₹17 lakh PUBG case); Indians lose ₹20,000 cr annually.	Promote responsible gaming practices; enforce parental controls; ensure consumer protection mechanisms.
Lack of Innovation Support – Limited infrastructure and mentorship for developers.	Develop dedicated gaming hubs & incubators (models: Montreal, Singapore, South Korea) for innovation and talent growth.

Drishti Mains Question

Q. Discuss the challenges and regulatory measures needed for the growth of the online gaming industry in India.

UPSC Civil Services Examination Previous Year Question (PYQ)

Prelims

Q. Which of the following is/are the aim/aims of “Digital India” Plan of the Government of India? (2018)

1. Formation of India's own Internet companies like China did.
2. Establish a policy framework to encourage overseas multinational corporations that collect Big Data to build their large data centres within our national geographical boundaries.
3. Connect many of our villages to the Internet and bring Wi-Fi to many of our schools, public places and major tourist centres.

Select the correct answer using the code given below:

- (a) 1 and 2 only
- (b) 3 only
- (c) 2 and 3 only
- (d) 1, 2 and 3

Ans: (b)

Mains

Q. Discuss how emerging technologies and globalisation contribute to money laundering. Elaborate measures to tackle the problem of money laundering both at national and international levels. (2021)

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