

FARAZ KHAN  
KAVYA NAGAMANGALA  
YAVIPRIYA GUPTA

Anagram Partners

faraz.k@anagrampartners.in  
kavya.n@anagrampartners.in  
yavipriya.g@anagrampartners.in

*If you have any questions regarding the matters discussed in this publication, please contact the attorney(s) listed above or call your regular contact at Anagram.*

## Introduction

The Indian government has dealt a new hand to its burgeoning online gaming industry with the introduction of the "**Promotion and Regulation of Online Gaming Bill, 2025**" (the "**Bill**"). This landmark legislation represents a seismic shift from a relatively unregulated landscape to a stringent, government-controlled framework. For a sector that has attracted significant investment and boasts 591 million users, the Bill introduces a stark dichotomy: a near-total ban on real-money gaming on one side, and a concerted push to legitimize and promote e-sports on the other. This move reshapes the rules of play for a market that was on a trajectory to hit \$9 billion in the coming years, forcing a radical rethink for many of its most prominent players.

## The Sweeping Prohibition on Money Gaming

At its core, the Bill imposes a blanket prohibition on '*online money games*', a term defined expansively to include any game played on an electronic device that involves paying fees, depositing money, or other stakes with the expectation of winning money or other forms of enrichment. This definition deliberately erases the long-standing legal distinction between games of skill and games of chance, a line that platforms offering real money games had successfully navigated in the past.

The legislation effectively targets the entire real-money gaming sector, which accounts for a staggering 85% of the industry's revenue. This means major platforms like Dream11, Games 24x7, Mobile Premier League (MPL), and Winzo, whose business models are built on users paying to play for potential winnings, are now in the crosshairs.

The prohibitions are designed to create a comprehensive enforcement net that extends far beyond just the operators of gaming platforms. The legislation targets the entire ecosystem that supports real-money gaming, including advertising, payment processing, and any form of assistance:

## Advertising and Endorsements

The legislation imposes a sweeping ban on all forms of advertising and promotion for any '*online money game*'. This prohibition is not limited to traditional media, but extends to all channels, including digital platforms and social media. A key aspect of this rule is its targeting of endorsements, making it illegal for individuals, including social media influencers and celebrity brand ambassadors, to promote these games. The penalties for such endorsements are severe, with potential jail time of up to two years and fines reaching ₹5 million. Repeat offenses for

advertising carry penalties of imprisonment for up to three years and fines between ₹5 million to ₹10 million.

### **Payment Systems**

A crucial element of the Bill's enforcement strategy is the disruption of the financial infrastructure that underpins online money gaming. The legislation explicitly forbids banks, financial institutions, and any person or entity that facilitates financial transactions from processing payments for any online money gaming service. This measure is intended to cut off the flow of funds to these platforms, making it difficult for them to operate. The penalties for such actions are severe as well, with potential jail time of up to three years and fines reaching ₹10 million. Repeat offenses carry penalties of imprisonment for up to five years and fines between ₹10 million to ₹20 million.

### **Aiding and Abetting**

The scope of liability under the Bill is intentionally broad, capturing any person or entity that assists in the operation of illegal online gaming. The legislation prohibits anyone from '*aiding, abetting, inducing, or otherwise engaging in an online money gaming service*'. This clause ensures that liability is not confined to the primary offenders. The penalties for such offenses include potential jail time of up to three years and fines reaching ₹10 million. Repeat offenses carry penalties of imprisonment for up to five years and fines between ₹10 million to ₹20 million.

### **Corporate Accountability**

Furthermore, the Bill includes provisions for corporate accountability. Company executives, directors, and other key personnel can be held personally responsible for offenses committed by their company. The penalties for repeat offenses, such as offering these services or facilitating payments, are significant, including imprisonment for up to five years and fines ranging from ₹10 million to ₹20 million.

### **The E-Sports Exception: A Narrow Path Forward**

While the Bill closes the door on most forms of monetized gaming, it carves out a specific and regulated path for e-sports. The legislation officially recognizes e-sports as a legitimate competitive sport, aiming to foster its growth and position India as a global hub for the sector.

However, qualifying for the e-sports exception is not straightforward. According to the Bill, an '*e-Sport*' must meet several stringent criteria:

It must be played as part of a multi-sports event.

- ▶ It must be an online game played as part of an organized, competitive multiplayer event with predefined rules.
- ▶ It must be recognized under the recently notified National Sports Governance Act, 2025 and registered with a central authority or agency constituted by the Central Government that will be responsible to regulate and oversee online gaming ("**Gaming Authority**").
- ▶ The outcome must be determined solely by the skill of the players, such as physical dexterity or strategic thinking.
- ▶ Crucially, it cannot involve any bets, wagers, or other stakes from any person.

This definition distinguishes e-sports from real-money games but also introduces potential

ambiguities. For instance, the Bill requires an online game to be part of a '*multi-sports event*', a term that is not defined, and also necessitates recognition under the recently notified National Sports Governance Act, 2025, which currently does not recognise any online games. Notably, an e-Sport is not restricted from requiring participants to pay registration or participation fees and can also offer players performance-based prize money.

To oversee this new landscape, the Bill proposes the creation of the Gaming Authority to set rules, ensure fair play, and promote the sector.

### **A Regulated Haven for Social Gaming**

In a move that clarifies its intent to nurture specific segments of the digital economy, the Bill creates a protected and regulated space for '*online social games*'. Unlike their real-money counterparts, online social games—defined as casual games played for entertainment and social interaction, such as *Ludo King* or *Candy Crush*—are explicitly permitted. However, this permission comes with strict conditions. The foundational rule is that these games must not involve any form of stakes, bets, or wagers with the expectation of monetary gain. The legislation does allow for monetization through one-time access fees or recurring subscriptions, distinguishing payment for a service from a prohibited wager. While this creates a viable business model for developers, it is not an unregulated free-for-all. The Bill mandates the establishment of the Gaming Authority will register and oversee all compliant online social games to enforce standards for user safety, data protection, and fair play, thereby fostering a safe and officially sanctioned gaming environment.

### **Impact on the Fantasy Gaming Sector**

The Bill poses an existential threat to the Indian fantasy gaming sector. Companies like Dream11, which holds a 55% market share with 200 million users, and MPL, which commands a 15-20% share, have business models that fall squarely within the Bill's expansive definition of an '*online money game*'.

The consequences for this multi-billion-dollar industry could be profound:

#### **Revenue Collapse**

A direct ban on their core product would decimate the revenues of fantasy gaming companies.

#### **Loss of High Skilled Jobs**

As per industry groups such as the All India Gaming Federation (AIGF), E-Gaming Federation (EGF), and the Federation of Indian Fantasy Sports (FIFS), the Bill upon being passed and notified into law threatens to wipe out 200,000 jobs and 400 companies operating in the sector.

#### **Impact on FDI/Tax Revenues**

Estimates say the move is likely to eradicate ₹25 billion in foreign direct investment, and ₹20 billion in direct and indirect tax revenues that the industry contributes.

Further, the ban comes at a time when a Supreme Court decision in relation to a retrospective GST demand in excess of USD 20 Billion from the Directorate General of GST Intelligence (DGGI) is pending against all major real money gaming companies in India. An order of the Supreme Court upholding the GST imposition, while likely to be revenue positive for the Government, was in any case expected to pose a survival threat for the industry. The proposed ban may make the order of the Supreme Court in the matter irrelevant as in the absence of a functioning core business, the

chances for these companies to be able to settle, even in part, the steep retrospective GST claims that have been made against them are slim to none.

### **Sponsorship Disruption**

These companies are major sponsors in Indian sports, particularly cricket (one of them adorns the Indian cricket team jersey). A decline in their fortunes would have a significant ripple effect on the sports sponsorship market, affecting everything from team and league sponsorships to individual player endorsements. The legislation as enacted would require an overnight replacement of the Indian cricket team jerseys and could bring the Indian cricket board into the ambit of aiding and abetting real money gaming platforms.

### **Stifled Innovation**

The broad restrictions may slow innovation in skill-based monetized platforms as companies navigate a complex and prohibitive legal environment. The Bill marks a sharp departure by the Central Government from the pro-industry amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021 rules introduced by it in April, 2023, creating significant uncertainty and potentially driving users to unregulated offshore platforms.

### **Powers of Authorised Officers**

The Bill provides for overarching powers for authorized officers including warrantless powers for search and digital / physical seizure with reasonable suspicion of an act having been committed or about to be committed.

### **Transition Period**

Currently, the Bill does not envisage any transition period after enforcement. Accordingly, gaming companies / platforms currently operational in India will need detailed assessment and transition strategies to ensure compliance and avoid criminal liability.

### **Where are we?**

The Bill charts a dual course for the industry. It decisively shuts down the lucrative real money gaming market, including the fantasy sports segment that had thrived on the '*game of skill*' argument. Simultaneously, it lays the foundation for a regulated and promoted e-Sports ecosystem. The Bill effectively ends real money gaming and fantasy sports unless operators' re-model as e-sports or social gaming platforms, relying heavily on advertising revenue to offset the loss of deposit income. While some may attempt to restructure and take on legal risk, the Bill's broad enforcement—covering payment processors and advertisers—will deter stakeholders from taking chances, making industry recovery highly unlikely.

*This publication is for educational and informational purposes only and is not intended and should not be construed as legal advice.*

**anagrampartners**

Mumbai | Delhi

Follow us for more  
in [anagrampartners.in](https://anagrampartners.in)

0804-2025