

The Promotion and Regulation of Online Gaming Act, 2025: Analysis

Majmudar & Partners

INTERNATIONAL LAWYERS

96, Free Press House, Free Press Journal Road, Nariman Point, Mumbai 400 021, India
Other office in Bangalore
Integrated network offices in Chennai, Hyderabad and New Delhi

www.majmudarindia.com | 1

Overview of the Act

- The Promotion and Regulation of Online Gaming Act, 2025 (the “**Act**”) creates a national regime that prohibits Online Money Games (“**OMG**”) and their facilitation.
- The Act applies across India to OMG services offered domestically or operated from abroad and accessible in India, with prohibitions covering advertisements and payment facilitation.
- It recognizes e-sports and places emphasis on promoting and developing e-sports.
- It also creates the distinct category of Online Social Games (“**OSG**”), which are online games offered solely for recreation, entertainment or skill development.
- Enforcement mechanisms include: (i) anyone offering OMGs or facilitating payments for OMGs to be booked under a cognizable and non-bailable offence; (ii) blocking powers under the Information Technology Act, 2000, (“**IT Act**”); and (iii) search and seizure authority, including warrantless arrests, by authorized officers.

Definitions and Scope

- Online game
 - Includes any game played on electronic/digital devices and operated via the internet or any electronic communication technology.
- OMGs
 - Any paid participation with an expectation of monetary or other enrichment.
- OSGs
 - Covers any recreational games without a monetary stake, “other stakes” or expectation of enrichment.
- E-sports
 - Defined as competitive, skill-determined online games, as recognized under the National Sports Governance Act, 2025.

Prohibitions— OMGs and Facilitation

- OMGs are now prohibited if users pay money or “other stakes” with an expectation of winning money or other enrichment, irrespective of the distinction between games of skill and games of chance.
- Advertising or inducing participation in OMGs is a separate offence with its own penalties.
- Banks, financial institutions, and payment intermediaries are barred from authorizing or facilitating transactions towards OMG services.
- Repeat violations trigger mandatory minimum punishments with higher imprisonment and fine thresholds, compounding the risk exposure.

Regulatory Framework

- Governing authority
 - The Central Government may constitute or designate an authority or agency to determine if a game is an OMG either *suo moto* or upon an application to it.
 - The authority will be empowered to recognize/ categorize/ register permissible games.
 - The authority or agency will publish standards and grievance pathways, aiding consistent classification and enforcement.
- Other responsibilities
 - The authority will take steps to promote, recognize, and develop e-sports.
 - Stated responsibilities include creation of guidelines, training institutions, incentives, and awareness campaigns.
 - For OSGs, the authority is mandated to develop registration mechanisms and support development programmes, and enhance public access to safe, age-appropriate content.

Enforcement, Penalties and Blocking

- Penalties and Imprisonment

- Offences for offering/facilitating OMGs carry up to three (3) years of imprisonment and/or a fine up to INR10,000,000 (Indian Rupees Ten Million) in the first instance, with enhanced penalties for repeat offences, i.e., up to five (5) years of imprisonment and up to INR20,000,000 (Indian Rupees Twenty Million) as a fine.
- Advertising prohibited OMGs attracts up to two (2) years of imprisonment and a fine up to INR5,000,000 (Indian Rupees Five Million) in the first instance, with enhanced penalties for repeat offences, i.e., up to three (3) years of imprisonment and up to INR10,000,000 (Indian Rupees Ten Million) as a fine.

- Other Enforcement Mechanisms

- Information related to OMG services can be blocked under the IT Act, with the procedure anchored to the Blocking Rules as notified under S. 69A(2) of the IT Act.
- Search/seizure: Authorized officers may enter premises, override access controls or security codes, and arrest without a warrant.

Industry Impact and Market Snapshot

- India's gaming market was estimated to be around US\$ 3.7–4.4 billion in size in 2025 with projected growth toward US\$ 8.7–9.1 billion by 2030 before the OMG ban.
- Fantasy, Real Money Gaming, and skill-cash verticals face the sharpest disruption, while e-sports and OSGs may attract investment and policy support.
- For example, Dream11, a fantasy sports platform with a revenue of US\$ 760 million, paused all paid contests on its platform on August 21, which accounted for over 90% of its revenue.
- Compliance focus areas for market participants: product reclassification (OSG v. e-sports), removal of betting-like mechanics, advertisement/promotion review, and payment filters to differentiate between OMG and OSG/e-sports revenue streams.