
MONEY, GAMING AND THE LAW: A STUDY OF THE PROMOTION AND REGULATION OF ONLINE GAMING ACT, 2025

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ABSTRACT

The online gaming industry in India is the fastest growing sector in the digital market creating plenty of opportunities for career development unlike earlier generations the present youth views online gaming not only for entertainment but also as a potential career, there is no primary nationwide legislation that governs online gaming as a result many online money gaming apps grew without proper checks and operate freely there was no law regarding advertisement made by these platforms and due to their aggressive marketing strategies these platforms often persuade vulnerable sections of the society especially children to participate and play these games which harms both the youth and society. Thus to ensure fair gaming practices the promotion and regulation of online gaming Act, 2025 was enacted specifically to address such problems and to regulate online gaming in India. This article provides an analysis on the promotion and regulation of online gaming Act 2025, examining the key changes in the legal framework after its enactment and its implication on the online money gaming sector. This article is based on doctrinal legal research mainly analyzing the act itself and also refers to some supreme court's judgement in order to show position prior to this Act.

INTRODUCTION:

The central government on April 2025 enacted *promotion and regulation of online gaming Act, 2025* it was passed in both Lower House and Upper House of parliament and received president's assent on 25 august 2025. This act is a landmark legislation with an objective to promote, regulate and recognize online gaming and to impose a complete ban on real money or online money games irrespective of it being game of chance or game of skill thus it completely bans all forms of gambling .The gaming sector in India is the fastest growing segments of the digital economy and it provides various opportunities such as employment generation, global competitiveness and many more career opportunities thus, this act seeks to promote online gaming and to frame a nationwide legislature to develop and recognize online games . This act however has attracted wide public and media attention as it seeks to ban online money related games in India.

As gaming industry is one of the fastest growing sectors in digital economy offering various employment and career opportunities this can impact the lives of individuals, especially youth and children. The rise of online money games which involves higher money returns against user deposits has resulted in serious social, financial, physiological harm to society thus ensuring the growth of online gaming industry while maintaining public order and health the central government enacted promotion and regulation of online gaming Act, 2025.

CRITICAL OVERVIEW OF THE PROMOTION AND REGULATION OF ONLINE GAMING ACT ,2025:

This act aims to promote online gaming by categorizing online games into various categories including online games, E-sports, online social games, and online money games. Section 8(1) empowers the central government to set up an authority consisting of a chairperson to assist the central government in performing any of the functions in the Act. it is further stated in section 8(2) that this authority can determine whether a particular online game is online money game or not, this authority can also recognize, categories and register online games and perform any such powers or functions as may be prescribed by the central government section 3 and section 4 of the Act.

CLASSIFICATION OF GAMES IN PROMOTION AND REGULATION OF ONLINE GAMING ACT ,2025:

This Act classifies online games into several categories such as online games, online social games and, online money games. This classification becomes necessary because it serves two main purposes, first so that the appropriate type of game can be registered within concerned authority and steps may be taken to develop and regulate them and second so that the authority can determine whether a particular game falls within the meaning of online money game or not such categorization makes it easier to implement the Act.

Section 2(f) of this act defines online game as any game that played on an electronic or digital device and managed and operated as software through the internet or any other kind of technology facilitating electronic communication. For instance, free fire, BGMI can be considered as online games under this section because these games played on mobile phones and laptops and operated through software.

Section 2(c) defines E-sport as – any game which is played as part of multiple sports event and involves competitive events between individuals or teams governed by predefined rules and the outcome of which is dependent on factors like strategic thinking, physical and mental agility and similar skills of user and players and that does not involve any kind of wager, bet or other stakes by any person whether such person is participant or not including any winnings out of such bets, wagers or any other stakes and it may require payment of registration or participation fees solely for the purpose of entering the competition or covering administrative costs.

In simple words E- sport includes any game that involves competitive tournaments between individuals and team that are governed by predefined laws and that the result is based on factors such as strategic planning, gaming awareness, physical and mental agility and that does not involve any kind of wager, bets and any other stake by any person whether he is participant or not.

For instance, games like BGMI (Battlegrounds mobile India) can fall under E-sport because it organizes various tournaments (like BGIS) between teams, the result is based on factors like gaming skills, team coordination and it does not involve any kind of wager or bet or any other stake by any person whether or not he is participant.

Section 2(g) of this Act defines online money game as irrespective of whether such game is based on luck or chance or both played by the user by paying fees, depositing money or other stakes with an expectation of winning which entails monetary and other enrichment in return or

other stakes but shall not include any E-sport.

In simple words online money game involves the user paying money or something of value with an expectation of winning higher amount of money or other material gains ,here expectation is important .Online money games are played not for entertainment or other purpose they are played with an expectation of earning monetary gains .For instance apps like dream 11, MPL where an individual can win money or any other award by creating his own virtual team as per his cricket knowledge by paying some participation fees, here the motive is not entertainment but to earn money or something of value such as car ,house .

Prior to this Act only online money games involving game of chance banned, game involving skills allowed, game of chance is one where the result or outcome of the game is solely based on factors like luck, probability and not on the player's skill. On the other hand, a game of chance is one where the outcome or result of the game depends on player's knowledge, training, strategic planning, and experience. in platforms like dream11 the participant creates his virtual 11 as per his cricket knowledge and with proper planning therefore it was not considered as game of chance because the outcome is not solely based on luck or probability but is based on factors like skills, cricket knowledge hence it was legal in India.

In **State of Bombay v. R.M.D. Chamarbaugwala AIR 1957 SC:** the court classified that the games that are based predominantly based on skill are valid holding that they cannot be equated with gambling on the other hand games that are predominantly based on luck, probability or chance were categorized as gambling and therefore are not valid. In this case the court laid down preponderance of skill test according to this test the court determines whether skill or chance is the dominant factor in determining the outcome of the game, the game may have some elements of chance but if skill predominates over chance in deciding the outcome it can be treated as a game of skill .

But the present act does not distinguish between game of luck or game of chance because section 2(g) explicitly states that it is not relevant whether the game is of skill or chance if any online game is played by the user with an intention to earn monetary gains and the purpose of the game is not entertainment and that game is not an E-sport then such game falls within the meaning of online money game under section 2(g). Thus, this act seeks to impose a total ban on any kind of online money games in India.

Section 5 of this Act prohibits any person from offering, aid or to induce anyone or to engage in any engagement in any online money game and online money gaming service.

section 9(1) prescribes the punishment for violation of section 5 and the person who acts in contravention of section 5 shall punished with an imprisonment of term which may extend to three years or with fine which may extend to fifty lakh rupees or with both.

It also prohibits the advertising of online money gaming apps by any person, celebrity, or any social media influencer on any social media platform. the young generation perceive the celebrities and influencers as their ideal and the advertisement and exaggerated claims done by any celebrity may persuade young children to participate and play online money games therefore no celebrity can endorse any online money gaming app on their social media platforms, According to section 6 of this Act no person shall make or cause to be made , aid ,abet ,induce or otherwise involved in the making or causing to be made any advertisement in any media including any electronic means of communication, which directly or indirectly promotes or induces any person to play any online money game or indulge in any activity promoting online money gaming . Section 9(2) prescribes punishment for violation of section 6 and the person who acts in contravention of section 6 shall punished with an imprisonment for a term which may extend to two years or fine which may extend to one crore rupees or with both.

Section 7 further states that no bank or financial institute or any other person should engage in assisting or processing payments towards online money gaming services, Section 9(3) further states that if any person or financial institution acts in contravention of section 7 shall be punished with imprisonment for a term which may extend to three years or with fine which may extend to one crore rupees or with both. Thus, it prohibits any bank or any other institute from assisting in online money transaction services by facilitating funds.

Section 14 of this Act states that in violation of section 5, 6, and 7 in addition to the punishments the central government also empowered to block access of such information or advertisement in India. The central government also empowered to block public access to any information related to online gambling.

This act also addresses situation in which offense has been committed by a company for the sake of clarity that explicitly stated that under this act the company means any firm or an

association of persons or a body of individuals whether incorporated or not. Thus, the definition of the word company used under this act is broad and distinct from the definitions used under the company's Act, 2013.

According to section 11(1) when an offense has been committed by a company the person who is in charge for that conduct and was responsible for the company shall be liable to proceed against and punished accordingly. Section 11(2) provides defense to the company officials states that if the person in charge can prove that the offence was committed without his knowledge or he had exercised all due diligence to prevent the commission of such offence he cannot held liable.

Section 11(3) further addresses a situation in which a company commits an offense under this Act either with the consent or due to any negligence on the part of part of any director, manager, secretary or other official of the company then such director, manager, secretary or any such official can be held liable and be punished accordingly.

Section 18 of this Act further provides that in case of any inconsistency between the provisions of this Act and any other existing law the provisions of this Act shall to the extent of such inconsistency, have overriding effect over any such act it means that the provisions of this act will prevail over any other act in case of inconsistency making it a nationwide legislation to regulate gaming in India.

CHANGES BROUGHT BY THE PROMOTION AND REGULATION OF ONLINE GAMING ACT, 2025:

Before the enactment of the promotion and regulation of online gaming Act, 2025 the legal framework governing gambling is largely fragmented , courts recognized a distinction between games of skill and chance and most state laws primarily dealt with physical form of gambling and does not talk about online form of gambling thus online money gaming app may pass ordinary state laws and state laws were found to be inadequate in effectively addressing these challenges there is no nationwide legislation due to this many companies operating from foreign jurisdiction bypass domestic laws undermining state level regulation .However after this Act came into force significant changes have taken place in the legal position , some of the notable changes after this Act came into force are as follows :

- 1) Prior to this act the games that are predominantly based on skill are considered valid and legal various supreme court's judgement such as *state of Bombay vs R.M.D. Chamarbaugwala* but after this act came into force this act restricts online money game regardless of skill and chance classification , which makes a shift from previous court judgements that recognized certain games of skill as lawful .
- 2) By virtue of section 18 of this act the provisions of this act will prevail over any other conflicting Act or state laws ensuring a unified national framework for online money gaming regulation.
- 3) Unlike other state laws and regulations that focus on physical gambling, this Act specifically targets and prohibits online gambling and other online money gaming, addressing the unique challenges posed by digital platforms.

IMPACT OF THE PROMOTION AND REGULATION OF ONLINE GAMING ACT ,2025 ON MONEY GAMING SECTOR:

Gaming sector in India is one of the fastest growing segments of the digital economy and it provides various opportunities such as employment generation, global competitiveness and many more career opportunities and helps individuals to grow and develop their career in gaming sector, according to a report released at *the game developers conference (GDC)* by *Winzo games* in march 2025 the Indian gaming market is valued at \$3.8 billion predominantly driven by real money games. According to a report published by Livemint on 21 august 2025 more than twenty thousand jobs are at stake and this act can lead to closure of over three hundred companies. The enactment of the promotion and regulation of online gaming Act, 2025 has also impacted major online money gaming platforms including Dream 11 and MPL. Recently dream 11 announced to end their real money gaming features reiterated that they are law abiding company and announced alternative free operations rather than paid contests, MPL has also expanded it is free to play game operations.

According to report by *the Indian express* on 25 august 2025 dream 11 informed BCCI that they will not be able to sponsor BCCI and Indian cricket due to significant loss of revenue due to the enactment of this Act.

Thus, this act adversely impacts all the online money gaming sector while various companies

have adopted alternative approach and may continue in future this act can lead to forced closure of various companies this would result in job losses and contribute to unemployment.

CONCLUSION:

The promotion and regulation of online gaming Act ,2025 is an attempt by the central government to regulate and promote online gaming it India while it prescribes the measures that the central government may take in order to develop online gaming it imposes complete ban on online money games which can affect large number of jobs and companies. this act becomes the primary central act that regulates online gaming in India, and its implementation marks a new era for digital gaming in India.