

UPDATE

KEY HIGHLIGHTS OF THE PROMOTION AND REGULATION OF ONLINE GAMING BILL, 2025

Introduction

On 20 August 2025, the Lok Sabha passed the *Promotion and Regulation of Online Gaming Bill, 2025* ("Bill"), marking a significant legislative intervention to regulate India's burgeoning online gaming sector. The Bill seeks to regulate and promote e-sports and online social games, while imposing an absolute prohibition on online money games.

In this update, we attempt to provide an overview of the key provisions of the Bill and highlight some of the principal changes and implications that may arise once this Bill is enacted.

Highlights of the Bill

The salient features of the Bill are as follows:

- **Categorisation-** The Bill recognises three categories of online game:
 - a. **E-Sport:** Online game which (i) form part of a multi-sport event, (ii) is played competitively between individuals or teams in a multiplayer format with predefined rules, (iii) is recognised under the National Sports Governance Act, 2025 and registered with the designated authority, (iv) has outcome based solely on the skill of the player, and (v) may charge registration or participation fees for entry or to cover administrative costs and may award performance-based prizes, and (vi) **does not involve any betting, wagering, or staking by participants or others** (See Section 2(1)(c)).



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**KEY HIGHLIGHTS OF THE PROMOTION AND REGULATION
OF ONLINE GAMING BILL, 2025**

- b. Online Money Game: Online game, irrespective of whether it is based on skill, chance, or both, played by a user by paying fees or staking money in expectation of monetary or other benefits in return. **However, it does not include e-sports** (See Section 2(1)(g)). Moreover, online money gaming service is defined as the services offered by a person for entering or playing an online money game (See Section 2(1)(h)).
- c. Online Social Game: Online game which (i) does not involve staking money or other stakes, or participation with an expectation of monetary gain; (ii) may be accessed through a subscription or one-time fee, provided such payment is not in the nature of a stake or wager; (iii) is offered solely for entertainment, recreation, or skill development; and (iv) **is not an online money game or e-sport** (See Section 2(1)(i)).
- **Prohibition**: the Bill aims at recognising and promoting e-sport and online social game (See Section 3 and 4), while it completely prohibits:
 - a. Online money game and online money gaming service (See Section 5).
 - b. Engaging in an Advertisement in any media, which directly or indirectly promotes or induces any person to play any online money game or indulge in any activity promoting online money gaming (See Section 6).
 - c. Bank, financial institution, or any person facilitating financial transactions to directly or indirectly facilitate any transaction or authorise fund towards payment for any online gaming service. (See Section 7)
- **Establishment of an Authority**: The Bill provides for establishment of an authority by the Central Government to assist in performance of functions under the Bill. Subject to the discretion of the Central Government, this Authority may be empowered to (a) decide, either on application or *suo moto*, whether a particular online game qualifies as an online money game (b) recognise, categorise, and register online games and any other function as may be prescribed (See Section 8). The Central Government is empowered to frame rules in this regard (See Section 19).
- **Offences and Penalty**: The Bill prescribes for punishment for contravention of the provisions of the Bill in the following manner:
 - a. For offering online money gaming service in contravention to Section 5: Imprisonment up to three years or with fine up to one crore rupees or with both. (See Section 9(1))

**KEY HIGHLIGHTS OF THE PROMOTION AND REGULATION
OF ONLINE GAMING BILL, 2025**

- b. For Advertisement of Online money games in contravention to Section 6: Imprisonment up to two years or with fine up to fifty lakh rupees or with both. (See *Section 9(2)*)
- c. For Engaging in any transaction or authorisation of fund in contravention to Section 7: Imprisonment up to three years or with fine up to one crore rupees or with both. (See *Section 9(3)*)
- d. The Bill prescribes enhanced punishments, including increased fines and extended terms of imprisonment, for repeat offenders. (See *Section 9(4)*)
- e. Offering online money gaming services in violation of Section 5 and engaging in or authorising fund transactions in violation of Section 7, are classified as cognizable and non-bailable offences under the Bill. (See *Section 10*)
- f. In case of offences by companies, the person in charge of/ responsible for conduct of that part of business of the company, as well as the company, at the time of commission of such offence, will be prosecuted for such offence, unless such person is able to prove that that the offence was committed without his knowledge or that he had exercised all due diligence to prevent its commission. (See *Section 11*)
- g. Further, any person who fails to comply with any direction or order issued by the Central Government or the Authority under Section 8(3), shall be liable to penalty up to ten lakh rupees or may face suspension or cancellation of registration, as well as prohibition from offering, facilitating or promoting such games for such period as may be determined by the Central Government or the Authority. (See *Section 12*)
- **Blocking Online Money Gaming Service:** The Central Government or the Authority is also empowered to block public access to the online money gaming services. (See *Section 14*)
- **Search and Seizure:** The Bill vests power on the officer appointed under the Bill to enter any place and conduct search and even arrest without warrant any person, who is reasonably suspected of having committed or likely to commit any offence under the Bill. The provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023 shall apply to any entry, search, or arrest conducted under this section (*Section 16*)

Preliminary thoughts:

- The validity of the Bill (once enacted as a statute) is likely to be challenged, particularly in light of Article 19(1)(g) of the Constitution of India that guarantees the fundamental right to practice any profession, or to carry on any occupation, trade, or business. Whether such blanket prohibition on online money gaming and online money gaming service can qualify as a “reasonable restriction” under Article 19(6) of the Constitution, will be one of the key grounds for such a challenge.
- Another key issue is pertaining to legislative competence of the Parliament to enact such laws. For instance, Entry 34 of List II (State List) in the Seventh Schedule of the Constitution of India places betting and gambling within the legislative domain of the States. Insofar as the Bill seeks to regulate or prohibit online money games which includes online gambling and betting, it may be perceived as encroaching upon the exclusive powers of the State Legislatures and thus, may be against the principles of Federalism enshrined in the Constitution.
- The Bill purportedly seeks to promote e-sports and online social games, while eliminating the online money gaming industry as a whole, disregarding the substantial revenue and employment contributions as well as potential of the industry. Further, in the absence of any transitional / implementation timelines, these provisions will cause immediate disruption to businesses, investors, and employees engaged/ related to the online money gaming industry.

Samvad has extensive experience in advising and representing clients in matters relating to gaming laws and is closely tracking the developments brought about by this new bill.