

Online Gaming Act, 2025: Game over for RMG?

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India's real money gaming ecosystem experienced a seismic shift recently with the enactment of the Promotion and Regulation of Online Gaming Act, 2025. On first impression, the name of the act promises a benign regime for the online gaming industry. Nomenclature notwithstanding, the act reflects a bifurcated approach: promoting non-monetary forms of gaming such as esports and online social games, while imposing an across-the-board blanket prohibition on online money games.



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This is game over for an industry that had ballooned into a multibillion-dollar behemoth in India. Real money gaming (RMG) also encompasses activities such as online poker, rummy and fantasy sports. Until this point, these were considered games of skill rather than chance, and had protections in the form of legal precedents. But the new act seems disconnected from the difference. If there is any cash involved, it is illegal, period.

The impact radiates beyond RMGs and extends to advertisers, sponsors, marketers and banks. The act imposes prohibitions on marketing: no flashy advertisements during cricket matches, and not even sponsorship on the Indian cricket team jersey (reviving what many call the “jersey curse”).

Banks will need to stop processing transactions being done on RMG platforms, and that can result in overcautious banks freezing accounts or blocking payments for unrelated purposes. The price of non-compliance is heavy: up to five years' imprisonment and INR20 million (USD226,700) fines for offenders, with repeat offenders being struck harder. Offences are now serious, cognisable and non-bailable, resulting in possible arrests without warrants.



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The proposed enforcement authority under the act is broad. Authorities can ban any online platform hosting these games so that they become unavailable in India. They can even go into virtual space and consider overriding access codes or passwords on devices to conduct a search and seizure. This raises serious concerns about the sweeping powers granted under the act, which may enable unregulated surveillance, and potentially run afoul of the constitutional safeguards guaranteed to citizens.

So why the sudden shutdown? Per the act, concerns such as addiction, fraud, money laundering, and even national security threats from offshore sites are key issues. However, the lack of jurisdiction of the “Union of States” to enact such a law remains writ large.

Gambling, public health, sports and entertainment, as well as trade and commerce, fall under the state list in the constitution. Now, the act supersedes them all, leaving control with the Union Government, citing authority based on cross-border matters, but this could lead to battles with states over who regulates. The Supreme Court and High Courts have consistently upheld decisions favouring games such as fantasy sports and poker. In 2023, the Union Government intervened with lighter rules under the Information Technology Act, 2000, enabling self-regulatory organisations to govern and authenticate such platforms.

This legal and statutory recognition has drawn in substantial foreign direct investment, adding to India's digital economy. Needless to say, the act is bound to invite constitutional challenges

from both the RMG industry and the states, which are likely to assail it before the courts as an instance of legislative overreach.

Is there a better alternative? There is. Instead of imposing a blanket prohibition, the Union Government could strengthen the existing framework by mandating independent technical audits of RMG platforms to detect deceptive algorithms or biased practices as a precondition for licensing.

It could also introduce age restrictions and expenditure limits for users, while distinguishing skill-based RMGs from chance-based ones, as the courts have already done, and tax the industry responsibly. As things currently stand, the act seems to throw out the baby with the bathwater. It solves genuine problems but at the cost of destroying an entire ecosystem. Domestic as well as foreign investors may retreat, hesitant to bet on India's unstable regulatory pendulum.

For the time being, the RMG industry will wait with bated breath, hoping that this is not game over, but merely a twist in the tale. The near future will determine if court decisions or legislative fixes will be able to save the day, crafting protection and progress in India's digital economy.

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