

THE PROMOTION AND REGULATION OF ONLINE GAMING ACT, 2025

PART I

What it enables: Opportunities and Gaps Thereof

BROAD OVERVIEW OF THE STAKEHOLDERS IN THE INDIAN GAMING & BETTING LANDSCAPE



CASUAL GAMING

Ludo, Carrom



FANTASY SPORTS

Fantasy Football,
Fantasy Cricket



CARD GAMES

Rummy, Poker



OPINION TRADING

Prediction Markets
Binary Trading Options



ESPORTS

Call Of Duty, BGMI



SOCIAL GAMING

Candy Crush, Minecraft



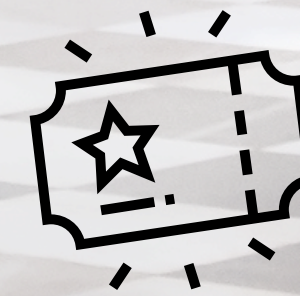
HORSE RACING

Permitted within the Racecourse
(with certain exceptions)



BETTING

Casino - permitted in some states
Sports Matches - Illegal



LOTTERY

Lotteries (Regulation) Act, 1998;
Lottery (Regulation) Rules, 2010

SCOPE OF THE PROMOTION AND REGULATION OF ONLINE GAMING ACT, 2025

DISTINCTION BETWEEN CATEGORIES OF GAMES

APPLICABILITY

- The Promotion and Regulation of Online Gaming Act, 2025 (**Act**) extends to the **entire territory of India**.
- It also applies to **games/platforms operated outside India but accessible to Indian users** (closing the gap where offshore operators previously bypassed applicable laws).
- Covers both domestic and cross-border gaming activity, giving the Centre jurisdiction over offshore apps/websites targeting Indians.

WHAT IS ALLOWED

ESPORTS

- Defined as **online games** played as part of **multi-sport events**, involving organised competitive matches between individuals or teams governed by pre-defined rules.
- Must be **recognised** under the **National Sports Governance Act, 2025** and registered with the designated Authority.
- **Permitted:** (I) Payment of registration/participation fees to enter competitions or cover administrative costs; (II) Performance-based prize money to players.
- **Not Permitted:** (I) Any form of bets, wagers, or stakes, including winnings from such bets; (II) Government to promote, develop, and officially recognise esports as a competitive sport.

ONLINE SOCIAL GAMES

- Defined as **games** offered **solely** for **entertainment, recreation or skill development**. Not an esports or online money game.
- **Permitted:** (I) Access via subscription fees or one-time charges (not stakes); (II) Safe, age-appropriate educational games (e.g., Prodigy, coding/learning apps).
- **Not Permitted:** (I) Prize money, winnings, or rewards on exit. (II) Any expectation of monetary gain from playing.

WHAT IS BANNED

ONLINE MONEY GAMES

- Blanket ban on offering, operating, or facilitating online money games.
- Defined as any game (skill, chance, or mixed) involving monetary stakes or convertible rewards, including: (I) Real money deposits; (II) Credits, tokens, or digital coins convertible to money
- **Not Permitted:** (I) Offering/hosting such games; (II) Promotion or advertising of online money games. (III) Processing financial transactions related to them (banks, fintechs, wallets barred)
- Covers fantasy sports, RMG platforms, rummy, poker, etc.

OTHER STAKES

- Definition expanded to include virtual tokens, credits, coins, or objects that are: (I) Bought with real money; OR (II) Convertible back into money.
- If these are used in any game offering monetary enrichment, the game = online money game → prohibited.

PART A ESPORTS

Esports is a \$1.65 billion global industry with over 500 million audience; competitive, organized video gaming across genres (MOBAs, FPS, sports simulation, RTS, battle royale).*

Recognized as a sport in several countries; featured as a medal event at the Asian Games, with Olympic Esports Games set to be held in Riyadh in 2027.

Esports usually involves a single-game event (eg: tournaments where only DOTA is played), whereas the Act only addresses multi sport events (eg: Asian Games). The Act also does not cover licenses (eg: FIFA key is bought online) and in-game purchases (eg: skins in Call of Duty)

OVERVIEW OF THE ESPORTS INDUSTRY

In India, PUBG Mobile was one of the popular esports, attracting the interest of the likes of M.S. Dhoni, before its ban in September, 2020. Krafton launched Battlegrounds Mobile India (BGMI) in 2021. Other tournaments like ESL India Premiership & UCypher drove rapid growth, accelerated by the pandemic's impact on digital engagement.

Esports thrived during COVID-19 while live sports came to a stand still - attracting a broad audience and gaining investment momentum.

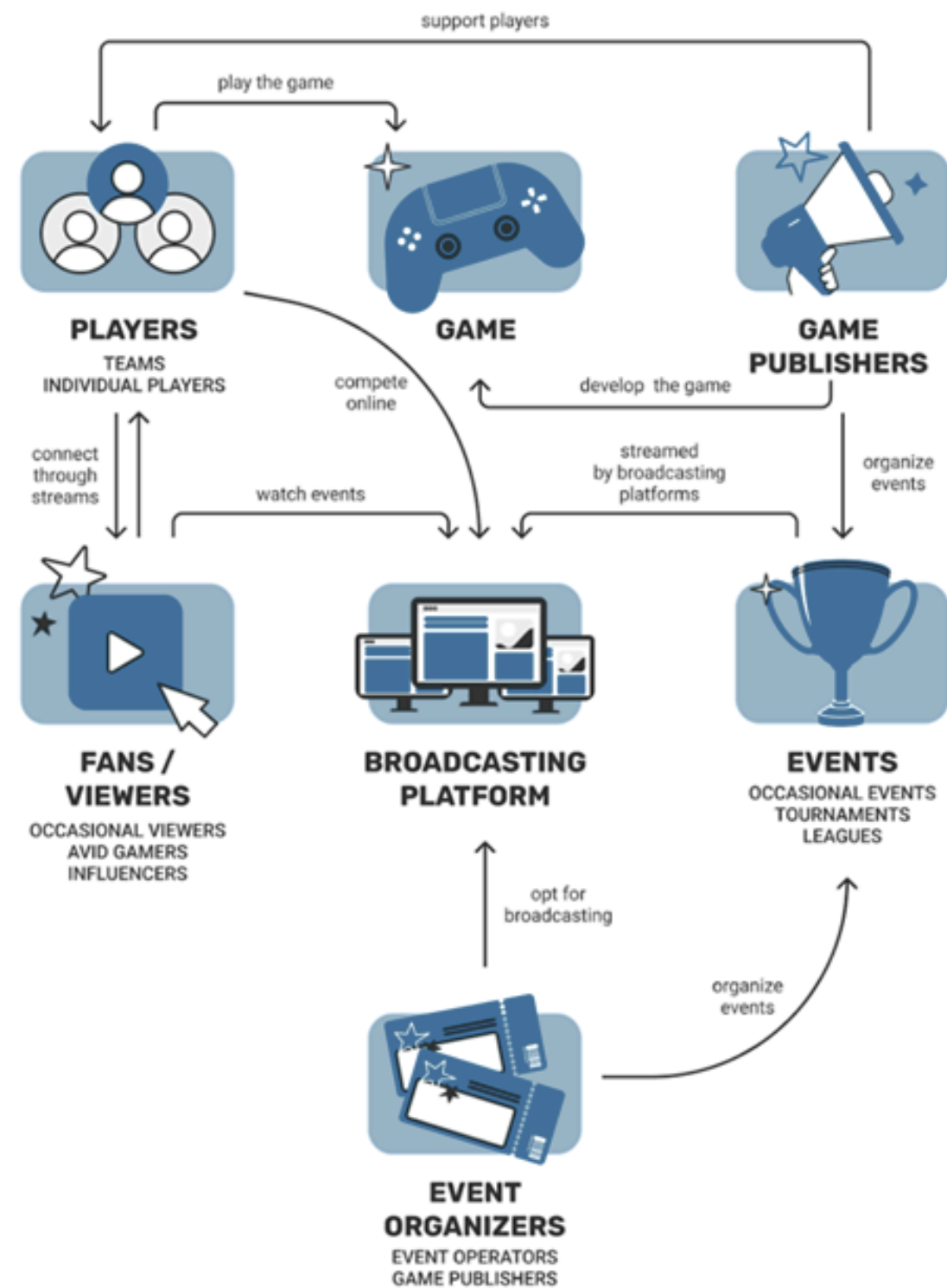
*[Nomura Connects](#)

STAKEHOLDERS IN THE ECOSYSTEM



KEY PLAYERS & GROWTH DRIVERS

ESPORTS ECOSYSTEM



ESPORTS MAIN DRIVERS



COMPARISON OF ESPORTS WITH TRADITIONAL SPORTS AND OTHER FORMS OF ONLINE GAMING

ASPECT	ESPORTS	TRADITIONAL SPORTS	FANTASY SPORTS (May be free to play or RMG)	BETTING
NATURE OF PLAY	Virtual/digital play, online and LAN events	Physical presence, on-field competition	Skill and Prediction-based, no in-game control	Chance based, online or offline
GOVERNANCE	IP-driven, publisher controls each title.	Federations (FIFA, ICC, etc.), uniform rules	Platform rules and sports data	Governed by gambling laws, platform rules
OWNERSHIP	Absolute ownership - IP with publisher (copyright, trademark, etc.)	No copyright in 'sport' or format	No gameplay IP, IP in statistical data owned by the platform	Rules and odds defined by the operator
MEDIA RIGHTS	Fragmented, streaming platforms, influencers, watch parties	Centralized, exclusive broadcasters (Star Sports, Sony, etc.)	Centralized by fantasy platform	Largely not applicable
TEAM STRUCTURE	Multi-title teams/franchises (e.g., Team Liquid)	National teams (e.g., Team India).; League/franchise teams (e.g., Mumbai Indians in IPL).	Each player makes own virtual team	Individual or small group play
SKILL VS CHANCE	Fine motor, cognition, reflexes, real-time strategy	Physical, strategic, and teamwork skills	Skill based on knowledge of real-world sports with some element of prediction	Little skill in play, great dominance of luck
PLAYER CONTROL	Direct in-game control over outcome	Full physical control	No control on real athletes' performance	None
REVENUE MODEL	Game sales, in-game purchases, sponsors, streaming, events	Tickets, sponsorship, licenses, merchandise	Entry fees, platform commissions, payout	Entry fees, stakes, winnings
KEY SKILLS	Problem-solving, reasoning, spatial awareness, hand-eye coordination, communication, multitasking, cognition	Physical prowess, teamwork, decision-making	Stats analysis, sports knowledge, current form of players, other conditions (pitch, weather)	Probability, risk assessment
LEGAL STATUS IN INDIA	No recognized federation in India	Recognized pyramid structure	RMG based version are now banned in India	Physical space governed by state laws; Online banned by centre.

GLOBAL GOVERNMENT INITIATIVES

SOUTH KOREA

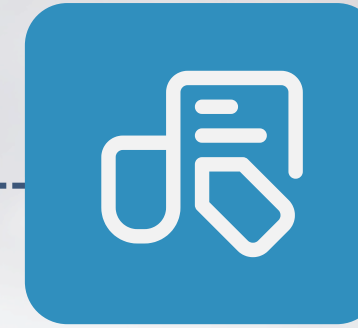
Government-backed (Ministry of Culture, Sports and Tourism); The Korean Esports Association; Act on Promotion of Esports passed in 2012 to establish infrastructure, enhance competitiveness and robust development of national economy by promoting esports.

USA

Esports athlete visas (**P1A**); Collegiate leagues; NASEF/USEF federation; Major franchise leagues (Overwatch League, Call of Duty Leagues).

SAUDI ARABIA

Major investment; National strategy for 250+ gaming companies by 2030; Hosting Olympic Esports Games in 2027.



UNITED KINGDOM

British Esports is the national body for esports in the UK, enabling collaborations with global federations; Supported by government initiatives like Video Game Tax Relief to boost domestic game development and industry growth.

CHINA

Recognized esports in 2003; Licensing regime for publishers/clubs, major events, and strong content regulation; Online gaming time restrictions have been imposed, which have impacted talent pipeline.

INTERNATIONAL GOVERNANCE & CHALLENGES



Governance Structure

Unlike traditional sports, esports **lacks a single umbrella federation**. **Governance is fragmented as individual game publishers retain ultimate authority over their games** - controlling rules, competition formats, licensing, and monetization. This publisher-driven model creates challenges for standardizing regulations and establishing unified governance across the esports ecosystem.



Key Issues in Governance

Not only is there an absence of a single centralized governing body, there is a challenge in creating one (for eg. difficult to have one federation governing football and golf). This results in **inconsistent policies** related to athlete welfare, anti-doping measures, integrity protocols, dispute resolution, and eligibility criteria. Furthermore, this fragmentation **complicates international representation and coordination among national esports bodies**.



Role of Regulatory Bodies (IESF & GEF)

The International Esports Federation (**IESF**) and Global Esports Federation (**GEF**) have emerged in an attempt to create standardized frameworks and unify esports governance globally. However, their **recognition and influence remain limited**, as many publishers continue to act as the de facto regulators for their respective games and tournaments.



Integrity Oversight: ESIC

The Esports Integrity Commission (**ESIC**) plays a pivotal role in combating integrity issues within esports. It focuses on prevention, investigation, and enforcement against match-fixing, doping, cheating, and other unethical practices. ESIC also runs educational initiatives to raise awareness of codes of conduct and integrity standards among players, teams, and organizers.

INTERNATIONAL GOVERNANCE & CHALLENGES

Doping and Cheating Challenges

Unlike traditional sports, esports **currently lacks universal anti-doping regulations**. Complications arise from the use of in-game performance-enhancing software (like aimbots, scripts), and external stimulants including energy drinks sponsored heavily in esports. These factors complicate the detection and regulation of doping within the industry.



Match-Fixing Incidents and Enforcement

Match-fixing remains a critical threat to esports integrity. Enforcement actions have been undertaken by both publishers and ESIC, with high-profile bans of players and coaches in games such as CS:GO and StarCraft. These measures demonstrate industry commitment but underscore the **ongoing need for comprehensive anti-corruption frameworks**.



Youth Safeguarding Imperatives

The esports industry faces **significant challenges** in **protecting young participants**. ESIC has published guidance on child protection, addressing risks related to unsupervised access, communication platforms, and the permissiveness of age restrictions. UNICEF and global organizations have collaborated to launch international safeguarding frameworks, aiming to ensure safe, supportive environments for children and youth in esports.



Path Forward: Collaboration and Standardization

Building a credible, globally respected esports ecosystem requires **collaboration among publishers, federations, integrity bodies, governments, and international organizations**. **Standardized codes of conduct, anti-doping policies aligned with WADA/NADA, and athlete welfare programs will be essential**. The future depends on harmonizing regulation without undermining publisher IP control, ensuring fair play, protection, and structured growth of esports worldwide.



GLOBAL MARKET POTENTIAL

GLOBAL REVENUE TREND*

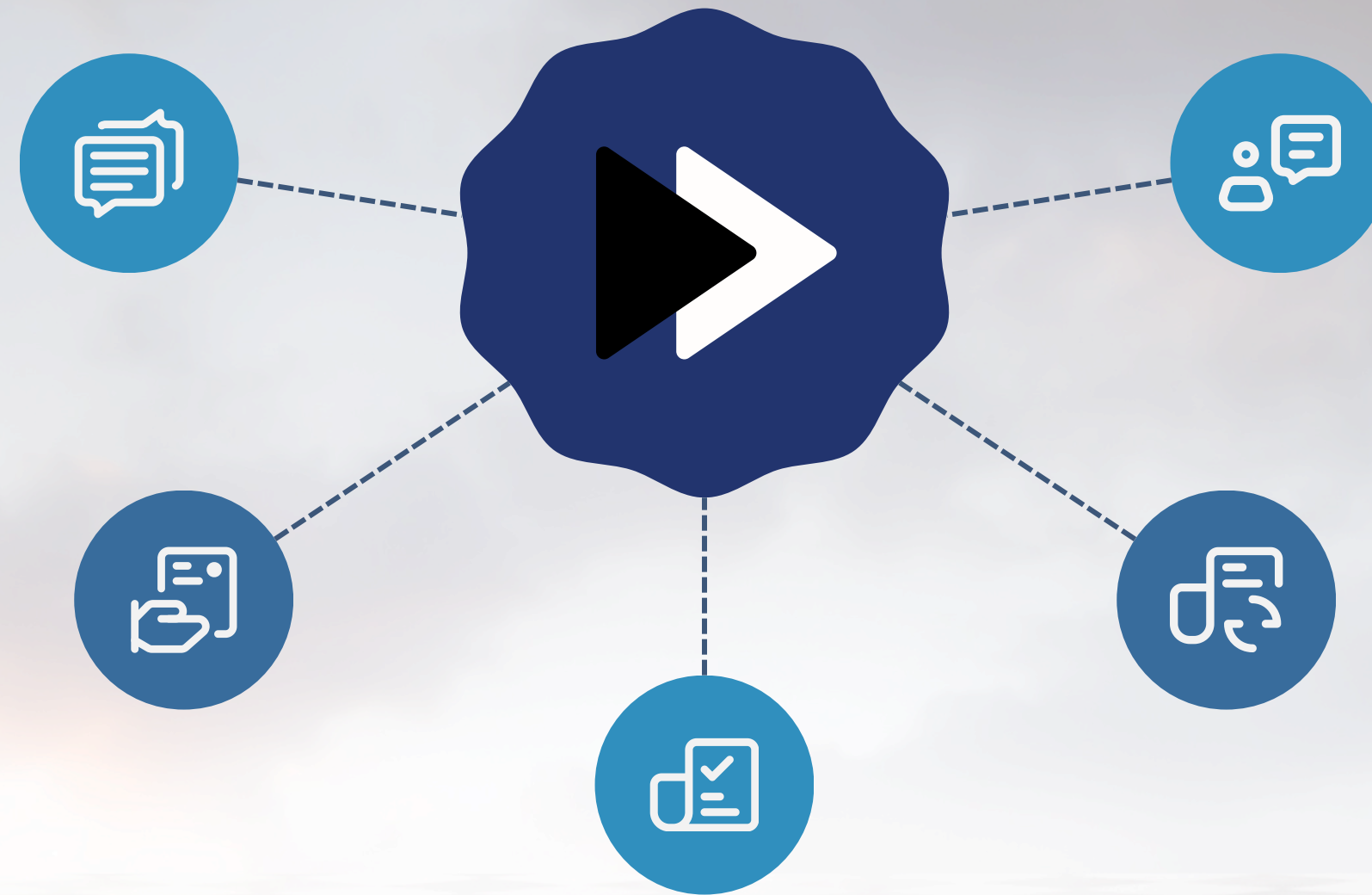
The global esports market: USD 2.13 billion in 2024 and is projected to reach USD 7.46 billion by 2030.

*Grand View Research

AUDIENCE DEMOGRAPHICS

- **Diversity:** Growing engagement across all ages via education, local leagues, and family events.
- **Fan Engagement:** Highly interactive fans follow teams/players online, consume content, and attend events.

*Precedence Research
Grand Review Search



APAC DOMINANCE & PRIZE POOLS

57% global viewership share; record prize pools (\$23-62M in 2023-24).

LONG TERM MARKET & VIEWERSHIP FORECAST*

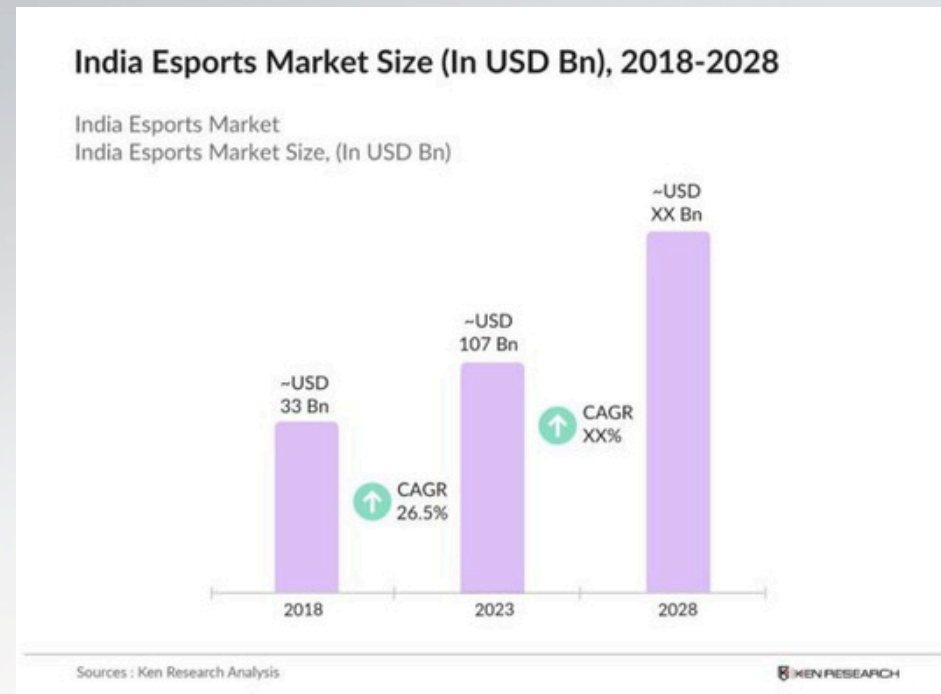
Potential \$48 billion market by 2034; 640M projected global viewers by 2025.

BRAND PARTNERSHIPS

- **Major Brands:** Pepsi, ALDI, Crunchyroll, AT&T, L'Oreal, IOC, ASUS, Samsung invest in esports.
- **Focus:** Equipment, venues, mental health, inclusivity, exclusive events.
- **Strategy:** From logos to deep fan engagement and social impact.

INDIAN ESPORTS LANDSCAPE

Market Size and Growth



Commercial and Sponsorship Growth

- Strong youth demographic driving demand and engagement.
- Major brands like Mountain Dew, Poco, Logitech, and Airtel actively sponsoring esports.
- Leading broadcasters such as Star Sports partnering to televise esports events.
- International collaborations enhancing India's esports profile and commercial appeal.

Government Initiatives

- Formation of AVGC (Animation, Visual Effects, Gaming, and Comics) Promotion Task Force.
- National hackathons and university-level esports tournaments.
- Inclusion of esports as a demonstration sport in Khelo India Youth Games.



Recognition and Governance

- No National Sports Federation (**NSF**) currently recognized for esports in India.
- Absence of NSF impacts international representation and athlete privileges like visas and insurance.

Esports Associations

- Multiple associations operating: Esports Federation of India (**ESFI**), Federation of Electronic Sports Association India (**FEAI**), Skill Hub Online Games Federation (**SOGF**).

Key Challenges

- Ban and relaunch cycles affecting popular games such as PUBG and BGMI.
- Funding shortages and absence of a centralized regulatory framework hindering growth.

CHALLENGES AND ISSUES ARISING FROM THE DEFINITION OF ESPORTS IN THE ACT

Break Down of the definition of 'Esports' as per the Act	Challenges / Grey Areas
<p>e-sports shall mean an online game which:</p> <p>(i) is played as part of multi-sport events.</p>	<ul style="list-style-type: none"> • <u>General Industry practice</u>: <ul style="list-style-type: none"> ◦ Publishers organise events specific to their games; ◦ Esports ecosystems are title-driven (different publishers own different games). ◦ Most esports competitions are single-title events: <ul style="list-style-type: none"> ▪ Examples (Global): DOTA 2 International – single-game world championship with multi-million dollar prize pools, Valorant Champions Tour (VCT) – Riot Games' global circuit only for Valorant & PUBG Mobile Global Championship (PMGC) – global tournament dedicated to PUBG Mobile. These are some of the flagship esports events globally, defining the competitive calendar. ▪ Examples (India): BGMI Masters Series, Skyesports Championships, ESFI National Championships – all single-game events. ◦ <u>Observation</u>: By limiting the scope of esports to being 'played as part of multi-sports events', the Act excludes standalone tournaments, which form the backbone of esports globally. • Convolution <u>in what is meant by multi-sport</u>: <ul style="list-style-type: none"> ◦ <u>Traditional sense</u>: multiple different sports (basketball, swimming, athletics, etc.). ◦ <u>Possible esports interpretation</u>: could mean multiple esports titles in one event (DOTA + FIFA + Valorant). ◦ <u>Observation</u>: Rarely are esports included in multi-sport events (e.g., Asian Games 2022, SEA Games). Since Olympic Esport Games, Riyadh 2027, are going to be independent of the LA28 Games, which in effect shall render it to be a multi-esports event, the definition in its current form can be challenging.
<p>(ii) involves organised competitive events between individuals or teams, conducted in multiplayer formats governed by predefined rules.</p>	<ul style="list-style-type: none"> • Many competitive games are played in single-player formats against AI or computer-generated opponents. For example: FIFA career mode tournaments or single-player speed-running competitions. • Where would such games stand?

Break Down of the definition of 'Esports' as per the Act	Challenges / Grey Areas
(iii) is duly recognised under the National Sports Governance Act, 2025, and registered with the Authority or agency under section 3;	<ul style="list-style-type: none"> Creates a dual approval requirement (recognition under National Sports Governance Act + registration with the 'Authority' established under the Act). Risk of bureaucratic overlap and delays. <u>Observation</u>: <ul style="list-style-type: none"> Typically esports forming a part of a multi-sport event are not announced too much in advance. For example, Olympic Esports Games are only 2 years away and one still does not know which esports shall form a part of it. Will the relevant esports only be recognised, once the relevant Olympics committee announces the relevant titles forming a part of it? What happens once recognized - will the recognition be for the relevant multi-sport event and if such titles do not form a part of the following multi-sport event, will they lose recognition?
(iv) has outcome determined solely by factors such as physical dexterity, mental agility, strategic thinking or other similar skills of users as players;	<ul style="list-style-type: none"> The use of the word 'solely' is restrictive. Like traditional sports, each esports also involves factors beyond a player's control, including elements of chance or luck. While not predominant, such elements exist. This raises the concern that is the Act attempting to exclude games with any form of external variables like ping/latency (eg: A Valorant player shoots but the action registers late due to 200ms ping), which are common in esports, and can influence outcomes?
(v) may include payment of registration or participation fees solely for the purpose of entering the competition or covering administrative costs and may include performance-based prize money by the player;	<ul style="list-style-type: none"> In practice players usually purchase a licence to access a game (eg: players pay INR. 6,000/- to buy EA Sports FC (previously FIFA) and play the game on a console). The Act remains silent on this aspect.

SUGGESTIVE NEXT STEPS

Large Scale Integration

Integrate esports objectives into national initiatives such as Digital India, AVGC, Startup India, and Skill India; A joint working group can be formed to steer implementation, streamline regulatory overlap and track outcomes.

Stakeholder consultations

Involve major operators, publishers, legal experts in policy-making such that the grey areas in the current definition can be addressed.

ESIC Integrity Adoption

Implement global best-practice codes for clean competition.



Governance Framework

- Set guidelines for esports events; establish training and research centers; launch incentive schemes and awareness campaigns to foster innovation; coordinate with state governments for integration of esports; and implement other measures to promote the sector.

Pilot government-endorsed National Esports League as a part of Khelo India.

Publisher-licensed, standardized protocols, grassroots focus, proof-of-concept for structured governance and youth engagement.

PART B ONLINE SOCIAL GAMES & AUTHORITY

OVERALL SUMMARY OF ONLINE SOCIAL GAMES

ONLINE SOCIAL GAMES

- They are separated from money games because no stakes or exit rewards are permitted → only monetary payment permitted is subscription based/one-time access fee models.
- The objective is entertainment, recreation, learning or personal growth (skill-development).
- Examples:
 - **Recreational/Casual puzzle/arcade games** (e.g., Candy Crush, Tetris-like apps, Sudoku, Word Puzzles)
 - **Skill development games** like typing tutors, coding simulators, logic challenges or games that enhance cognitive, motor, or problem-solving abilities like Prodigy (math), Duolingo (language learning), BYJU's gamified learning modules.

ISSUES AND CLARIFICATIONS

- **The Act is silent on in-app purchases:** which is a major revenue model for social/casual games. For example, players spend on extra lives in Candy Crush, but the Act gives no clarity on whether such purchases are permissible or restricted especially since the Act categorically uses the terminology 'one-time access-fee'.
- **Taxation Concern:**
 - Presently, there is lack of clarity on GST with respect to the subscription fee such games may charge.
 - Should subscription-based educational/social games be taxed like ed-tech services (lower GST) or like online gaming (higher GST)?

ONLINE GAMING AUTHORITY

OVERVIEW

- **Establishment:** The Central Government has been empowered to:
 - Constitute a new Authority by notification; OR
 - Designate an existing Authority(ies)/agency to carry out the functions.
- **Composition** (Chairperson + Members) to be prescribed later → no clarity yet on domain expertise or independence.

CORE POWERS & FUNCTIONS

(i) Categorisation & Registration of Games

- Authority to classify and recognise online games as Esports and Online Social Games and separate them from Online Money Games.
- Registration of permitted games/operators mandatory → only registered games to operate legally.

(ii) Determination of “Money Games”

- Can decide, either on application or suo motu, whether an online game qualifies as an online money game (i.e., involves stakes/rewards).
- Broad discretionary power, with no defined tests (contrast: SC jurisprudence earlier differentiated games of skill vs games of chance insinuating that game of skill is legal because of the preponderant / dominant element being skill, however recognising that no game is free of chance).

(iii) Guidelines & Oversight

- May issue codes of practice, directions, and guidelines on topics such as conduct of esports tournaments, standards for online social/educational games (age-rating, content, monetisation rules) & responsible gaming and consumer protection norms.

(iv) Complaints & Enforcement

- Can receive and act upon complaints prejudicial to user interests.
- Empowered to block access to unlawful online games/platforms.

ONLINE GAMING AUTHORITY

SCOPE OF REGULATORY CONTROL

- All persons/entities offering online games in India must comply with its directions.
- Authority's jurisdiction extends to offshore platforms accessible in India.
- Powers cover not just game operators, but also advertisers and payment providers.

KEY TAKEAWAYS

The Online Gaming Authority is designed as the central regulator for the sector, with wide powers to categorise, register, regulate, and block games. But its effectiveness depends on:

- Clarity of definitions
- Independence & expertise of members,
- Coordination with sports and IT ministries.

RECOMMENDATIONS



PERMISSIBLE MONETIZATION

- Child-focused social online games can have regulated subscription pricing, preventing exploitative practices.
- All charges, including in-app purchases, must be disclosed in advance. Transparency should be ensured in local languages to protect parents and children.



EDUCATIONAL & SKILL DEVELOPMENT ROLE

- Incentivise local-language educational games: Grants and policy support for developers making vernacular content, expanding reach in Tier-2/Tier-3 India.
- Use gamified platforms to promote digital literacy, critical thinking and experiential learning in schools.
- Collaboration with NCERT/CBSE to adopt certified edutainment tools into curricula.



SUPPORT FOR INDIAN GAME DEVELOPERS

- Establish a dedicated fund to support start-ups and young developers in social/educational gaming.
- Tax rebates or grants: Incentivise production of certified educational/social content by Indian studios & Reduce tax burden so they are not equated with gambling companies.
- Promote “Make in India” games: Encourage creation of India-centric IPs (mythology, history, sports) for both domestic and export markets.
- Position India as a global hub for socially beneficial gaming, like China.



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