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ROLLING THE DICE ON REGULATION: THE NEW ONLINE GAMING LAW

INTRODUCTION

1. Recently, India enacted the Promotion and Regulation of Online Gaming Act, 2025 ('the Act'), which prohibits betting and gambling applications and makes real-money online gaming illegal in India. The Act has been promulgated to protect consumers from financial losses, fraudulent practices, and addiction in an industry that has developed without much regulatory oversight. India's gaming market is estimated to be worth around 33 thousand crores (USD 4 billion), with nearly 85 per cent of that coming from real-money gaming.

2. The real-money gaming sector drove much of the industry's growth, with platforms like Dream11, My11Circle, MPL, PokerBaazi and others relying on paid contests. Following the enactment of the Act, leading platforms such as Dream11, My11Circle, MPL, and PokerBaazi suspended all paid contests. These platforms now function only in free-to-play formats where users can build fantasy teams and compete without monetary stakes.



3. Consumers have been directed to withdraw their wallet balances, with fresh deposits now barred. Bonus credits, cashback offers, and promotional coins offered by the concerned apps have been discontinued. As a result, major platforms are reshaping strategies and are now shifting more aggressively toward eSports and social gaming models.

THE PREVIOUS STANCE OF COURTS



4. In the past, the Apex Court and several high courts have recognised the distinction between games of skill and games of chance in online money gaming. The courts have observed that games like Dream11 and Rummy, where success primarily depends on the superior knowledge, training, attention and experience of the player, are considered games of skill and cannot be regarded as gambling activities.

5. Conversely, those based wholly or partly on luck are classified as games of chance. Further, games of skill were held to be business activities to be protected under Article 19(1)(g) of the Constitution.

BANNING THE GAME, MISSING THE POINT?



6. Reservations have been expressed about the Act, which, in departure from the Government's previous policy stance and several Supreme Court judgments, fails to draw a critical distinction between games of skill and games of chance. It has prohibited all online games involving the deposit of money in the hope of winning cash prizes. This law is expected to cause a sudden hit to the economy, as India's online gaming market was projected to generate revenue over \$9 billion, with the real money accounting for around 86% of the market share in the same. For a significant number of users, particularly younger players, money-based fantasy sports and card games had become a routine form of entertainment. Their removal also affects sports sponsorships and promotional activities tied to such platforms.

7. Dream11 and the Board of Control of Cricket in India (BCCI) have ended their ₹3.58 billion jersey sponsorship following the enactment of the legislation.

8. The stated aim of the Act is to curb illegal activities, as online money gaming platforms are often used as conduits for financial fraud and terror funding. Additionally, these platforms have been linked to issues such as addiction and severe debt, which can lead to mental health concerns. However, the government could have come up with a more balanced approach by regulating the online money games using regulatory tools like licensing, enhanced KYC, etc. A blanket prohibition on such games could have unintended consequences, as it may drive users towards unregulated or offshore platforms, thereby potentially increasing the incidence of cybercrimes. What remains to be seen is whether the Apex Court will stand firm on its earlier position or depart from its settled stance.