



FIN VAL
RESEARCH & CONSULTANCY

The Promotion and Regulation of Online Gaming Bill

25th August 2025



Synopsis

- ❑ Parliament has **passed the Promotion and Regulation of Online Gaming Bill**, cleared by Lok Sabha and Rajya Sabha—creating a national framework that **bans all “Real Money Games”** (irrespective of chance/skill)
- ❑ The Bill defines an online money game broadly (includes any game where users pay money/credits/stakes expecting monetary enrichment) and **prohibits offering, advertising, facilitating, or transacting** in such games (**irrespective of whether they are skill- or chance-based**). It gives the central authority wide powers to block access and to determine whether a game is an online money game.
- ❑ Near-term impact: a material portion of India’s online gaming revenue (transaction / real-money subsegment) is at risk. Industry bodies warn of major tax and revenue losses and are exploring legal challenges; firms are scrambling to adjust (withdrawals, pause deposits, shift ad budgets)
- ❑ India’s **gaming market was ~₹35,000 Cr (~US\$3.7 B)** in 2024, global gaming revenues remain ~US\$180–190B. The Bill shifts focus from Real Money Gaming (RMG) platforms toward e-sports, casual/social, and exportable game development.



India : Industry Overview

❑ Demand & Scale

1. India had **~488 million online gamers in 2024**, with strong mobile skew with **daily active ≈110M**.
2. Gaming is Fourth largest segment in the M&E Sector, Expected to be grow from **~₹35,000 Cr** in 2024 to worth **~₹ 38,800 Cr** by 2026.
3. Market share of **RMG ~85 - 86%**, **Non - RMG / IAP** have **~14 - 15 %** and **E - sport** having the smallest market share of **~1 - 2%**

❑ Employment - Estimated job creation potential up to **~250K** by end of 2025.

- ### ❑ Tax & Legal Backdrop - Industry associations warn of government tax **revenue loss estimates ~₹20,000 crore** tax hit if RMG banned, **GST at 28%** (face value for online gaming/horse racing/casinos) has been in place since Oct-2023; it materially lifted reported GST inflows.

Global Context

- ### ❑ Global gaming market is **~US\$180–190B** 2024–25. Mobile remains the largest segment globally; APAC (especially China) is the top regional contributor. India's share is still small in absolute global revenue but large in users and growth potential. E – Sports globally also contributes very less **~1%** i.e. **~2.1 billion** where mobile gaming is dominant , accounting for roughly **half** of revenues.

What The Bill Does

- ❑ Applies nationwide and to services **operated from outside India but offered in India.**
- ❑ **Online money game:** *any* online game (skill or chance) where users **pay fees/stakes expecting monetary or other enrichment; e-sports explicitly excluded.**
- ❑ The big prohibitions

Category	Status under Bill	Details
Online Money Games	✗ Banned	Any game where users stake money/credits expecting monetary gain; includes fantasy sports, rummy, poker, betting apps.
Advertisements & Promotions of Money Games	✗ Banned	Endorsements, influencer promotions, and digital/TV ads for money games are prohibited.
Payments/Transactions for Money Games	✗ Banned	UPI, wallets, banks cannot process payments for banned games.
Skill vs Chance Distinction	✗ Irrelevant	Even if game is skill-based (like fantasy sports), it is still banned if it involves monetary stakes.

What The Bill Does

❑ Allowed & Prohibited in the Bill

Category	Status under Bill	Details
Esports (Competitive Tournaments)	✓ Allowed & Promoted	Recognized as sport; tournaments, leagues, and prize pools supported by the government.
Educational Games	✓ Allowed & Promoted	Learning/skill development apps and gamified education encouraged.
Casual / Social Games	✓ Allowed	Free-to-play or subscription-based games without monetary wagering permitted.
In-app Purchases (IAPs)	✓ Allowed	Cosmetic/utility items (skins, passes, levels) allowed if not linked to wagering.
Exportable Game Development	✓ Encouraged	Game studios focusing on global markets supported through policy push.

- ❑ Policy intent - Promote innovation/jobs via **e-sports/social/educational** games, but **completely prohibit online money gaming** due to documented harms and enforcement challenges (incl. **offshore platforms**, AML/terror-finance risks)

What The Bill Does

❑ Penalties & enforcement

1. Offering online money gaming service: **up to 3 years' imprisonment and/or up to ₹1 crore fine** (repeat: **3–5 years + ₹1–2 crore**).
2. Advertising: **up to 2 years and/or up to ₹50 lakh** (repeat: **2–3 years + ₹50 lakh–₹1 crore**).
3. Payment facilitation: **up to 3 years and/or up to ₹1 crore** (repeat escalations as above). **Cognizable & non-bailable** for offering and payment-facilitation offences. **Corporate liability** provisions included.



Comparison – “E - Sport & RMGs”

Aspect	RMG (Real Money Gaming)	Esports
Definition	Games involving real-money stake	Competitive gaming in organized tournaments & leagues
Revenue Model	Player entry fees, commissions, in-game cash stakes	Sponsorships, ads, streaming, ticketing, media rights
Skill vs Chance	Combination of skill & chance; legal status debated	100% skill, strategy, reflexes, teamwork
Winner Structure	Many players win smaller amounts	Few winners/teams win large prize pools
Legality	Faces regulatory hurdles, high taxation, sometimes banned	Growing recognition as a sport, minimal legal barriers
Growth Drivers	Cash incentives, user acquisition offers	Fan following, streaming culture, brand partnerships
Cultural Impact	Limited aspirational value; transactional experience	Builds careers, fandom, and international recognition
Scalability	Revenue tied to user deposits; growth capped by regulation	Scales globally with leagues, tournaments, streaming ecosystems

Who Will Be Benefitted

Stakeholder	Rationale
E-sports operators & tournament organizers	Excluded from RMG definition; seen as “skill-based” & entertainment. Potential growth in sponsorships, brand tie-ups.
Casual / Social / Educational game publishers	Not under 28% GST burden like RMG; more clarity & investor comfort for scaling.
Ad-tech platforms & brand advertisers	Non-RMG games are “brand-safe,” attracting ad budgets shifting away from real-money gaming.
Game development studios (export-oriented, India-based IP)	Indian studios can tap global demand; benefit from clarity that RMG is separate.

Who Will Be Impacted

Stakeholder	Rationale
Real Money Gaming (RMG) platforms (fantasy sports, rummy, poker, teen-patti, etc.)	Totally Banned
Payment gateways / processors with RMG exposure	Faces drastic decline in number of transactions.
Affiliate networks & performance ad platforms tied to RMG	Marketing spends only regained if revenue model pivot can be possible.
Sports leagues / bodies with RMG sponsorship dependency (e.g., fantasy platforms sponsoring IPL)	Discontinuity in sponsorship inflows will lead to temporary loss.

Survival & Adaptation for RMG Companies in India

- ❑ **Business Model Pivot** - Shift fully into casual / social gaming to create a non-RMG revenue stream, Build freemium and ad-supported models.
- ❑ **Global Expansion** - Expand to international markets (Southeast Asia, Middle East, Africa) where RMGs are allowed or adoption is rising and Leverage India as a tech hub for RMG product development while monetizing globally.

FinVal Insight

- ❑ With ~488M gamers in India, the opportunity remains immense. The winners will be those who adapt quickly, diversify strategically, and build trust with regulators and players alike.
- ❑ Policy tightening is a reset, not an endgame—companies that reimagine engagement beyond real-money formats can capture sustainable growth.
- ❑ Global investors are likely to back firms that demonstrate readiness, scalable tech, and diversified revenue streams.

About US

Founded in 2011, we are a boutique consulting firm focused on providing world class financial consulting, valuations and corporate finance services.

Managed and advised by Registered Valuers with more than 70 years of cumulative experience and more than 200 valuation assignments.

Investment Banking Solutions

- Preparing IMs and Financial model
- Financial Due diligence
- M&A Transaction and Deal structuring
- End to end solutions for fund raising
- Stressed Asset Consulting

Valuation Service

- Valuation of Startups
- Valuation of Intangible Assets, ESOPS.
- Valuation of Purchase Price Allocation
- Fair value valuations as per IND AS Companies Act
- Valuations for regulatory requirements for SEBI, RBI, Income Tax
- Valuation of Securities for M&A and Fund raising

Virtual CFO Solutions / Management Consulting

- Project Finance Consulting
- Financial Planning & Analysis
- Budgeting & Variance Analysis
- Business restructuring
- Strategy Consulting
- FEMA/RBI Compliance & Advisory

THANK YOU

VALUATION@FINVALRESEARCH.IN

+91 98 112 13275

WWW.FINVALRESEARCH.IN