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Online Gaming and Gambling Laws in India: The Need for a Uniform Legal Framework

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ABSTRACT

The growth of online gaming in India has created new legal challenges for lawmakers, courts, businesses and players. Online games have become increasingly popular, particularly games involving money, rewards and competition. India long lacked a single uniform law regulating all forms of online gaming and gambling: different States followed different rules, and games were treated differently according to whether they depended on skill or on chance, which produced uncertainty for players and for gaming companies alike. This article examines the legal framework governing online gaming and gambling in India and the difficulties caused by divergent State laws. It discusses the distinction between games of skill and games of chance, the constitutional position of gambling, consumer protection, online fraud, addiction and the protection of minors. It considers the Promotion and Regulation of Online Gaming Act, 2025, which now supplies a central framework and prohibits online money games, and asks how far that framework answers the difficulties identified. The article argues that India requires a clear and balanced regime for online gaming, one that separates legitimate games of skill from gambling, establishes standards of responsible gaming, protects users from financial and other harm, and provides effective mechanisms of monitoring and enforcement, so as to reduce legal confusion and create a safer and more transparent online gaming environment.

Keywords: Online gaming, Gambling laws, Legal framework, Game of skill and chance, Indian legal system

I. INTRODUCTION

The development of the internet and of digital technology has brought significant change to everyday life, and one of the areas that has grown most rapidly is online gaming. With the widespread use of smartphones, affordable internet services and digital payment systems, people in India can now reach many kinds of game from almost anywhere. Online gaming is no longer limited to entertainment. It has become a substantial industry that includes competitive

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gaming, fantasy sports, card games and other platforms on which players may pay money and receive rewards or prizes.

The rapid growth of the industry has raised several legal questions. The principal difficulty has been that India long lacked a comprehensive law dealing with every form of online gaming and gambling. The position was governed by the Constitution, by central legislation, by State laws and by the decisions of courts. Because betting and gambling fall within the legislative competence of the States under Entry 34 of List II of the Seventh Schedule,¹ different States adopted different approaches, and an activity permitted on certain conditions in one State might be restricted or prohibited in another. That produced uncertainty for gaming companies and for players.

A central issue in this field is the difference between a game of skill and a game of chance. Indian law has traditionally recognised that games which depend mainly on the skill and knowledge of a participant may be treated differently from games that depend mainly on chance. Applying that distinction to modern online games is not always simple. Many platforms contain both skill-based and chance-based elements, and the use of technology, algorithms, entry fees, virtual rewards and cash prizes has made it more difficult to say where legitimate gaming ends and gambling begins.

The growth of online gaming has also raised concerns about the protection of players. Some users spend large sums participating in games involving financial stakes. Young people and minors may reach gaming platforms without understanding the financial and personal risks involved. Excessive gaming, financial loss, misleading advertisement, fraud, misuse of personal information and unfair gaming practices have together increased the need for effective regulation. Regulation therefore cannot address only whether a particular game is based on skill or on chance; it must also consider the safety and the rights of the people using these platforms.

A further concern has been the difference between the laws applicable in different parts of the country. Online platforms operate through the internet and reach users in several States at the same time. Where States adopt different rules, companies face difficulty in knowing which requirements they must satisfy, and players face difficulty in knowing whether a particular platform or activity is permitted where they live. A lack of clarity leads to disputes, to problems of enforcement and to uncertainty within the industry.

¹ INDIA CONST. sched. VII, List II, Entry 34 (betting and gambling); *see also* The Public Gambling Act, 1867, No. 3, Acts of Parliament, 1867 (India).

Online gaming should not, however, be viewed only as a legal problem. The industry has created employment, encouraged technological development and contributed to the growth of the digital economy. Many games rest primarily on entertainment or on skill and do not involve gambling at all. Any legal framework should therefore avoid treating all online games in the same manner, and should separate lawful gaming from gambling and from other activities capable of causing financial or social harm.

The question has become more pressing because technology develops faster than the law. New forms of game and new platforms continue to appear, and a framework designed for traditional forms of gambling does not always provide clear answers to questions arising from activity conducted over the internet. A uniform framework can supply greater clarity, establishing common rules on licensing, age restriction, responsible gaming, advertisement, consumer protection, payment systems, data protection and penalties, together with clear standards for determining whether a particular activity is a game of skill or a game of chance. Such a framework must at the same time respect constitutional principle and the legislative powers of the States.

The purpose of this article is to examine the legal position of online gaming and gambling in India and to identify the principal difficulties in the present system. It considers the distinction between games of skill and games of chance, the divergence among State laws, consumer protection, the risks associated with online gambling and the challenges facing the authorities in regulating digital gaming platforms. It examines the Promotion and Regulation of Online Gaming Act, 2025 and asks how far that Act answers those difficulties. A balanced approach is necessary: the law should protect players and prevent illegal gambling and exploitation while allowing legitimate gaming and technological development to continue. The debate about online gaming is not simply about permitting or banning games. It is about creating appropriate rules for a rapidly changing digital environment.

A. Literature review

The subject has received increasing attention because of the rapid growth of digital gaming platforms. Earlier legal discussion focused principally on the difference between games of skill and games of chance, the courts having generally recognised that games involving predominant skill may be treated differently from gambling activities resting mainly on chance. The position has also been shaped by the traditional allocation of gambling regulation to the States, and the differing approaches the States have taken have created uncertainty for companies and players because the legal position may differ from one State to another. A further theme in the literature

is the protection of the online player: gaming for money creates risks of financial loss, fraud, misleading advertisement and excessive play, and writers have argued for clearer rules on consumer protection, age restriction, responsible gaming and digital payments. Recent developments have changed the position significantly. The Promotion and Regulation of Online Gaming Act, 2025 introduced a central framework and addressed online money games directly, which raises new questions about the relationship between central regulation and the existing State laws.

II. THE JUDICIAL BACKGROUND OF SKILL AND CHANCE

In *State of Bombay v. R.M.D. Chamarbaugwala* the Supreme Court distinguished gambling from competitions in which success depends substantially on skill, and the decision remains the foundation of the different treatment given to games involving substantial skill.² In the companion decision in *R.M.D. Chamarbaugwala v. Union of India* the Court examined the constitutional validity of legislation concerning prize competitions and developed the same distinction between competitions resting mainly on skill and those resting mainly on chance.³

In *State of Andhra Pradesh v. K. Satyanarayana* the Court held that rummy involves a substantial element of skill, and that decision has been the principal authority relied upon in later disputes concerning online rummy.⁴ In *Dr. K.R. Lakshmanan v. State of Tamil Nadu* the Court held that a game in which success depends mainly on skill is not gambling, explained that mere skill means a substantial degree or preponderance of skill, and held that wagering on horse racing was not caught by the gaming prohibition.⁵

The principle has since been applied to digital activity. In *Varun Gumber v. Union Territory of Chandigarh* the High Court of Punjab and Haryana held that the fantasy sports format before it was predominantly a game of skill,⁶ and in *Gurdeep Singh Sachar v. Union of India* the High Court of Bombay reached a similar conclusion, finding that success in the format before it depended substantially on the knowledge, judgment and skill of the user.⁷ In *Junglee Games India Pvt. Ltd. v. State of Tamil Nadu* the High Court of Madras examined restrictions imposed on online games of skill and considered both the constitutional protection of skill-based gaming and the legislative competence of the States in relation to betting and gambling,⁸ and in *All India*

² *State of Bombay v. R.M.D. Chamarbaugwala*, A.I.R. 1957 S.C. 699 (India).

³ *R.M.D. Chamarbaugwala v. Union of India*, A.I.R. 1957 S.C. 628 (India).

⁴ *State of Andhra Pradesh v. K. Satyanarayana*, A.I.R. 1968 S.C. 825 (India).

⁵ *Dr. K.R. Lakshmanan v. State of Tamil Nadu*, (1996) 2 S.C.C. 226 (India).

⁶ *Varun Gumber v. Union Territory of Chandigarh*, 2017 Cri. L.J. 3827 (P&H H.C.) (India).

⁷ *Gurdeep Singh Sachar v. Union of India*, 2019 S.C.C. OnLine Bom. 13059 (India).

⁸ *Junglee Games India Pvt. Ltd. v. State of Tamil Nadu*, 2021 S.C.C. OnLine Mad. 2762 (India).

Gaming Federation v. State of Karnataka the High Court of Karnataka considered amendments seeking to prohibit wagering on online games including games of skill.⁹ The Supreme Court has since considered the Tamil Nadu legislation on appeal.¹⁰

III. ISSUES IN THE REGULATION OF ONLINE GAMING IN INDIA

- Lack of uniformity. Different States adopted different rules on online gaming and gambling, which created confusion about which rules applied to a platform and to its players.
- Skill and chance. Deciding whether an online game rests mainly on skill or on chance is difficult where a modern game contains elements of both.
- Protection of minors. Children and young people may reach gaming platforms without understanding the financial and other risks, so that effective age verification is important.
- Financial loss and addiction. Games involving money may lead to significant loss and to excessive play, against which the law needs to provide safeguards.
- Misleading advertisement. Platforms may advertise gaming as an easy way to earn money, which is capable of influencing users and young people in particular.
- Fraud and cyber-security. Platforms handle digital payments and personal information, and weak security exposes users to fraud, to hacking and to the misuse of their data.
- Difficulty of enforcement. Platforms operate across State and national boundaries, which makes monitoring and enforcement harder for the authorities.
- The relationship between central and State law. A central framework raises questions about how it operates alongside existing State laws and the constitutional distribution of legislative power.
- Consumer protection. Players need protection against unfair terms, fraudulent platforms, loss of money and the improper handling of complaints.
- The need for balance. Regulation should prevent harmful gambling without unnecessarily restricting legitimate games, e-sports and other forms of online entertainment.

⁹ *All India Gaming Federation v. State of Karnataka*, 2022 S.C.C. OnLine Kar. 435 (India).

¹⁰ *State of Tamil Nadu v. Junglee Games India Pvt. Ltd.*, 2026 INSC 594 (India) (May 27, 2026) (on appeal from the judgment of the High Court of Madras dated Aug. 3, 2021).

IV. THE PROMOTION AND REGULATION OF ONLINE GAMING ACT, 2025

The Promotion and Regulation of Online Gaming Act, 2025 received the assent of the President on 22 August 2025 and was brought into force with effect from 1 May 2026.¹¹ It is the first central statute to address online gaming as such. It recognises and promotes e-sports and online social games, provides for the establishment of an Online Gaming Authority of India charged with classifying and registering permissible games and with determining whether a given game is a money game, and provides for a mechanism of grievance redressal for users.

The most consequential feature of the Act is that it prohibits online money games altogether, and it does so whether the game is one of chance, one of skill, or a combination of the two. It also prohibits the advertisement and promotion of such games and the processing of the financial transactions associated with them through banks and payment systems, and it empowers the authorities to block access to unlawful platforms under the Information Technology Act, 2000.¹² The Rules made under the Act were notified in April 2026.¹³

The significance of this for the present subject is considerable. The distinction between skill and chance, which had governed the field since *Chamarbaugwala*, no longer determines the lawfulness of a game played for money: the Act fixes upon the presence of stakes rather than upon the character of the game. The distinction retains its importance for games that are not played for money, and for the constitutional questions that the Act itself raises, but it no longer performs the work it did before.

V. ANALYSIS

A. Divergent approaches among the States

Different States adopted different rules for online gaming and gambling, which created uncertainty for companies and for users reaching the same platform from different States. A common framework reduces that uncertainty and makes regulation more consistent. How far the Act of 2025 displaces the existing State enactments, and how the two bodies of law will operate together, is among the questions its implementation must answer.

¹¹ The Promotion and Regulation of Online Gaming Act, 2025, No. 32, Acts of Parliament, 2025 (India) (assented to Aug. 22, 2025; brought into force May 1, 2026).

¹² *Id.*; see also The Information Technology Act, 2000, No. 21, Acts of Parliament, 2000 (India).

¹³ The Promotion and Regulation of Online Gaming Rules, 2026, MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY (India) (notified Apr. 2026); see also The Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (India), as amended in 2023.

B. Skill and chance after the Act

The courts recognised the importance of skill in determining whether a game fell outside the traditional gambling prohibitions. Modern online games may nonetheless combine skill, chance, entry fees and monetary rewards, and applying the traditional tests to every new form of game had become difficult. The Act resolves that difficulty for money games by removing the distinction from the analysis altogether, which is a more far-reaching change than a mere addition of a further criterion, and one whose constitutional durability will be tested.

C. The protection of players

Player protection should be a central part of the regulation of online gaming. Users face financial loss, misleading advertisement, fraud and excessive play. Rules on age verification, responsible gaming, advertisement, payment systems and grievance redressal reduce those risks, and the Act now supplies a statutory basis for several of them.

D. Enforcement

Legislation alone does not solve the problem. Platforms operate through digital networks and reach users throughout the country and beyond it. Effective monitoring, cooperation between authorities and proper enforcement are necessary if any framework is to work, and the blocking powers under the Information Technology Act will bear much of that weight.

E. Balance between regulation and industry growth

Regulation should hold a balance between preventing harmful gambling and allowing legitimate online gaming and e-sports to develop. Excessive regulation affects lawful business, while weak regulation exposes users to greater risk. The Act attempts that balance by promoting e-sports and social games while prohibiting money games outright, and whether it has struck the balance correctly is a question the coming years will settle.

VI. SUGGESTIONS AND REFORMS

Several suggestions follow from the study. The aim should be a clear legal system that protects users while allowing legitimate online gaming to develop.

- Clear and consistent rules. The framework should state plainly which activities are prohibited, which are permitted, and what responsibilities rest on platforms.
- Clear definitions. The law should define online gaming, online money games, games of skill and games of chance, so as to reduce confusion and ease enforcement.

- Protection of minors. Platforms should operate effective age verification, children should not participate in activities involving financial stakes, and parents should be given suitable tools to control access.
- Responsible gaming. Platforms should provide spending limits, time limits, options for self-exclusion and warnings about financial risk, with accessible information about responsible play.
- Regulation of advertisement. Advertisements should not suggest that gaming is an easy or guaranteed way to earn money, and particular care is needed to prevent advertising directed at children and at vulnerable users.
- Consumer protection. Players should have simple and effective grievance mechanisms, and companies should disclose their terms, payment rules, withdrawal procedures and complaint-handling policies clearly.
- Secure payments. Platforms should meet strong security requirements for financial transactions, so as to reduce fraud, unauthorised transactions and the misuse of financial information.
- Monitoring and enforcement. The authorities need adequate technological and legal resources to monitor unlawful activity, and cooperation between central and State authorities makes enforcement more effective.
- Periodic review. Technology changes quickly and new forms of game will develop, so the law should be reviewed regularly if it is to respond to new technologies and emerging risks.
- Balance with industry growth. The framework should protect users without unnecessarily restricting legitimate gaming, e-sports and other lawful digital activity.

VII. CONCLUSION

Online gaming has become an important part of the digital economy and of the entertainment sector in India, and its rapid growth has created significant legal challenges. The approach of Indian law rested traditionally on the distinction between games of skill and games of chance, together with the differing laws adopted by individual States, and that combination produced uncertainty for players, for companies and for enforcement authorities alike. Modern online games cannot always be classified easily by the traditional principles, since many combine skill, chance, money, technology and reward, and the risks of financial loss, fraud, misleading advertisement, harm to minors, insecurity of data and excessive play require the attention of the law.

The Promotion and Regulation of Online Gaming Act, 2025 is a development of the first importance. It supplies the central framework whose absence this article has described, and it goes further than the earlier debate contemplated by prohibiting online money games irrespective of whether they are games of skill or of chance. The success of that framework will depend upon its implementation and enforcement, and upon proper coordination between central and State authorities so that conflict and uncertainty are reduced.

A uniform and balanced framework provides greater clarity while protecting the interests of users. It should contain clear definitions, strong consumer protection, age verification, measures of responsible gaming, regulation of advertisement, secure digital payment and effective grievance mechanisms, and it should not unnecessarily restrict legitimate gaming, e-sports and other lawful activity. The regulation of online gaming in India should accordingly focus not simply on banning or permitting games, but on creating a clear, practical and balanced legal system that can adapt as the technology develops, protecting users, reducing illegal activity, giving certainty to the industry and supporting the responsible growth of the sector.
