

# Legal 500 Country Comparative Guides 2026

## India

### Gambling Law

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This country-specific Q&A provides an overview of gambling laws and regulations applicable in India.

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# India: Gambling Law

## 1. What is the legal definition of gambling?

The Public Gambling Act, 1867 ("PGA") is the central legislation in India which regulates public gambling and the keeping of common gaming houses. While the PGA does not define gambling, it prohibits the keeping or owning of a "Common Gaming House," which is defined as "any house, walled enclosure, room, or place in which cards, dice, tables, or other instruments of gaming are kept or used for the profit or gain of the person owning, occupying, using, or keeping such house, enclosure, room, or place, whether by way of charge for the use of the instruments of gaming or of the house, enclosure, room, or place, or otherwise howsoever". The PGA exempts games of mere skill from the prohibitions contained in the PGA.

The Seventh Schedule of the Constitution of India distributes legislative powers between the Union and the States by classifying subjects into the Union List, State List, and Concurrent List. Under this Schedule, 'betting and gambling' is classified under the State List and therefore, as a subject matter of the State to legislate upon. Accordingly, each state can independently legislate on the matter of gambling. While some States have enacted their own legislations governing gambling ("State Enactments"), several other states have adopted (with few amendments in certain cases) and continue to be governed by the provisions of the PGA.

Certain State Enactments have amended their adoption of the PGA to include a definition for "gambling", which generally refers to the act of wagering or betting for money or its equivalent. Indian courts, while drawing a distinction between games of mere skill and games of chance, have consistently held that gambling ordinarily involves betting or wagering on games of chance. Under most State Enactments, "gambling" or "gaming" does not encompass: (a) wagering or betting on horse races (or similar competitions) if such wagering or betting occurs under certain prescribed conditions; (b) games of "mere skill"; and (c) lotteries (which are separately regulated). In May 2026, the Supreme Court upheld the online gaming laws previously enacted by the States of Tamil Nadu and Karnataka, ruling that States may regulate or prohibit betting and wagering even where the underlying activity is a game of skill.

In recent developments, the Ministry of Electronics and

Information Technology introduced the Promotion and Regulation of Online Gaming Act, 2025 ("PROG Act") and the Promotion and Regulation of Online Gaming Rules, 2026 ("PROGA Rules") to promote and regulate the online gaming sector including e-sports, educational games and social gaming. While betting and gambling are matters falling in the State List under the Constitution of India, the Central Government has enacted the PROG Act and the PROGA Rules considering its national importance, including cross-border regulation, digital finance, and cybersecurity. The constitutional validity of the PROG Act and the PROGA Rules has been challenged before various State High Courts by multiple stakeholders, and these challenges are currently consolidated and pending before the Supreme Court of India.

Under the PROG Act, "online money game" has been defined as "an online game, irrespective of whether such game is based on skill, chance, or both, played by a user by paying fees, depositing money or other stakes in expectation of winning which entails monetary and other enrichment in return of money or other stakes; but shall not include any e-sports".

Accordingly, in the context of online games involving monetary stakes or winnings, the traditional distinction between games of skill and games of chance is no longer determinative of an online game's legality under the PROG Act.

## 2. What legislation applies to gambling? Please provide a summary of the legal/regulatory framework.

As noted in response to Question #1 above, the PGA is the primary legislation regulating gambling in India. However, given that "betting and gambling" fall within the State List under the Constitution of India, some States have enacted their own statutes to govern gambling while several States have adopted the PGA with certain amendments. Both the PGA and most State Enactments exempt games of mere skill from the prohibitions on betting and gambling. The treatment of games of chance and games of mere skill varies across different States in India.

The term "game of mere skill" is not defined under the PGA. However, Indian courts have interpreted the

expression to include games in which skill is the dominant or preponderant factor in determining the outcome, notwithstanding the presence of an incidental element of chance. The Supreme Court of India has clarified that games of mere skill are those where skill is the predominant factor, in spite of the presence of luck as part of the gameplay process. In *State of Andhra Pradesh v. K. Satyanarayana & Ors.*, the court ruled that Rummy is a game of mere skill. Further, in *R. Lakshmanan v. State of Tamil Nadu & Ors.*, the Court determined that betting on horse races is a game of mere skill. In both cases, the Court applied the "dominant factor" test to determine whether skill or chance predominantly influenced the outcome of the game.

In the context of online gaming, the PROG Act prohibits online games involving monetary stakes or winnings regardless of whether the underlying game is classified as a game of skill or a game of chance.

### 3. Which body/ies regulate gambling?

Unlike the Gambling Commission in the United Kingdom or the Joint Gambling Authority of the Federal States in Germany, the PGA does not establish or designate a dedicated licensing authority or gambling regulator in India. In practice, relevant stakeholders may approach appropriate jurisdictional authorities and seek necessary no-objections to undertake any activities which may fall within the ambit of the PGA. While most States prohibit gambling activities, a limited number of States permit certain forms of gambling under a licensing regime. For instance, in Nagaland, the licensing authority is the Finance Commissioner.

In contrast, the PROG Act and the PROGA Rules establish the Online Gaming Authority of India ("OGAI") as a specialised regulator for the online gaming sector. In this respect, the Indian framework mirrors regulatory models adopted in several mature gaming jurisdictions, where dedicated gaming authorities are entrusted with licensing, supervision, compliance and enforcement functions in relation to online gaming operators.

### 4. Are licences available? If so: a) What is the duration of a licence? b) What types of licences are available? c) Are there different types of licences for B2C and B2B operators? d) Do software suppliers need to be licensed?

a. What is the duration of a licence?

India does not have a uniform licensing regime for

gambling. The duration of licence varies from state to state. For instance, in Nagaland, licences are granted for a period of up to five years subject to payment of the requisite licence fee.

b. What types of licences are available?

The types of licences available in India vary by jurisdiction and activity. Typically, licences are available for: (a) casinos, (b) games of mere skill in certain states, (c) lotteries, and (d) horse racing.

Casino games, which are considered games of chance, are mostly banned, except in Goa, Daman and Diu, and Sikkim, where licences are available for operating casinos in five-star hotels, offshore vessels, and through intranet systems.

Certain games, such as poker, have historically been offered without a licence in many Indian states where they have been recognised as games of skill. However, some jurisdictions, including Sikkim and Nagaland, have operated licensing regimes for such activities. The position in relation to online gaming is now subject to the PROG Act and the rules framed thereunder.

Private lotteries are generally prohibited in India, with state-run lotteries being the exclusive form of recognised lottery competitions. State-run lotteries may appoint private distributors or agents to sell tickets, however, there is no licensing framework that permits setting up of private lotteries.

A licence is typically required for betting on horse races where such activity is permitted under applicable state law, although the regulatory position varies across jurisdictions. For example, Sikkim and West Bengal have historically provided licences for certain betting activities, including horse race betting, subject to certain restrictions such as limiting access to intranet networks in the State of Sikkim.

c. Are there different types of licences for B2C and B2B operators?

Yes. In India, there are distinct licences for Business-to-Consumer ("B2C") and Business-to-Business ("B2B") operators. B2C operators are subject to the regulations pertaining to gambling, so depending on the state in which they operate, they may need licences to directly engage with consumers through gaming activities, such as operating gaming platforms or casinos. On the other hand, B2B operators, like software providers or technology companies supporting gaming platforms, typically do not need a separate licence, as they are not viewed as directly engaged in the operation of a gaming

business for regulatory purposes.

d. Do software suppliers need to be licensed?

No, software suppliers offering technology services to gambling operators typically do not need a separate gaming licence.

However, it should be noted that software and technology service providers must exercise caution when servicing the online gaming sector. The PROG Act prohibits any person from offering, aiding, abetting, inducing, facilitating or otherwise participating in the provision of online money games or online money gaming services. Accordingly, the supply of software or related services for the purpose of enabling prohibited online money gaming activities may expose service providers to regulatory and enforcement risk.

## 5. Are any types of gambling products prohibited?

As discussed in questions #1 and #2 above, gambling is generally prohibited under the PGA, which bans public gambling establishments unless they are part of state-approved exceptions. Additionally, games of pure chance, with no element of skill, are often restricted or outright banned in several states. Further, the recently enacted PROG Act imposes a blanket ban on online money games.

However, some gambling activities are permitted under specific state-sanctioned exceptions as follows:

a. Horse Racing: Betting on horse racing is considered a game of skill rather than chance, a classification supported by the Supreme Court of India. This allows states to legalise betting on horse races under certain conditions, such as only permitting bets on the day of the race and within designated physical areas approved by the state. Various state laws have been enacted to regulate horse racing and allow turf clubs to manage betting within their premises.

b. Lotteries: The Central Lotteries (Regulation) Act, 1998 grants state governments the authority to organise and regulate lotteries. While private lotteries are generally prohibited, state-run lotteries are allowed and must comply with specific regulations. States like Sikkim have established a thriving lottery system under this framework.

c. Casinos: Only a few states, such as Goa and Sikkim, have legalised casinos. In Goa, casinos can operate within five-star hotels and offshore vessels, under the

Goa, Daman and Diu Public Gambling Act, 1976. Sikkim also allows casino operations and has created a regulatory framework that permits land-based gaming.

d. Games of Skill: Certain games, like Poker and Rummy, are recognized as games of mere skill and are exempt from gambling bans in some states. For example, the Delhi Public Gambling Act, 1955, like the PGA, exempts games of mere skill from its prohibitions; accordingly, games such as Rummy may be played without requiring a specific permit. However, not all states acknowledge this distinction, and certain states have prohibited all forms of real-money gaming.

While many forms of gambling remain prohibited without specific approvals across India, these exceptions provide a legal framework for specific activities like horse race betting, state-run lotteries, casinos in select regions, and skill-based games. Further, fantasy sports, which were previously permitted in certain states on the basis that they constituted games of skill, are now prohibited pursuant to the prohibition on online money games under the PROG Act to the extent that such games include monetary stake.

The legal landscape remains complex, with varying state-specific interpretations of what constitutes a game of skill versus chance, resulting in different regulatory approaches across the country. However, the introduction of the PROG Act has brought greater certainty to the legal treatment of online money games by expressly prohibiting their permissibility under the statute.

## 6. What is the headline application procedure? Please include any eligibility and other application requirements, including approximate application costs and any need to establish a local presence.

The PGA does not have a licensing regime and accordingly, does not prescribe any application procedures.

In relation to online money games, the PROG Act does not prescribe a licensing regime and generally prohibits all forms of online money games. Registration under the PROG Act is relevant for certain permissible categories of games such as e-sports and online social games.

## 7. Do individuals within the business need to be personally licensed or authorised? If so, please

## provide headline requirements.

No, individuals within the business do not need to be personally licensed or authorised.

## 8. Is advertising of gambling permitted and, if permitted, how is it regulated?

According to Chapter III of the Advertising Standards Council of India's ("ASCI") Code for Self-Regulation of Advertising Content, advertisements should not promote activities that are illegal under Indian law. Similarly, Rule 3(1)(b)(ii) of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 prohibits the publication of content that promotes gambling. In response to the rise in advertisements promoting illegal activities like betting and gambling, the Central Consumer Protection Authority has issued a detailed advisory under the Consumer Protection Act, 2019, emphasising the ban on advertisements by online betting platforms and apps disguised as gaming promotions. Additionally, online advertising intermediaries have been warned against targeting Indian audiences with such advertisements. The advisory also refers to the Guidelines for Prevention of Misleading Advertisements and Endorsements, 2022, which specifically prohibit the promotion of illegal products or services. These guidelines apply to all forms of advertising, and the advisory cautions celebrities and influencers that participating in the promotion of online gambling or betting could make them liable for participating in unlawful activities. As a result, the advertising of gambling is subject to stringent regulatory restrictions in India.

The PROG Act also imposes a specific prohibition on advertisements relating to online money games, i.e., "no person shall make, cause to be made, aid, abet, induce, or otherwise be involved in the making or causing to be made any advertisement, in any media including electronic means of communication, which directly or indirectly promotes or induces any person to play any online money game or indulge in any activity promoting online money game".

## 9. Are marketing affiliates permitted? If so, are they licensed or regulated?

Affiliate marketing in India is regulated under the Information Technology Act, 2000 and the ASCI guidelines. The Information Technology Act, 2000 and the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 impose certain

obligations relating to user privacy and online content governance. ASCI's Code of Ethics requires affiliates to disclose their brand relationships with disclaimers like #ad or #sponsored and ensures that all digital advertisements are truthful and not misleading. Although no specific licence is required, affiliate marketers must comply with these regulations to maintain transparency, ethical practices, and legal compliance in the digital advertising space.

## 10. What are the penalties for offering, facilitating or marketing unlawful gambling, and can the gambler be penalised for participating in unlawful gambling?

The PGA stipulates that anyone who opens, keeps, or allows a house, room, or place to be used as a common gaming house can face a fine of up to INR 200 (~USD 2) or imprisonment for up to three months. This applies to those who permit others to use the property for gaming, manage such premises, or provide financial support for gaming activities.

Anyone found in a gaming house, whether playing games with cards, dice, or other gaming instruments, or merely present with the intent to gamble, can face a penalty. The punishment may include a fine of up to INR 100 (~USD 1) or imprisonment for a term not exceeding one month. Additionally, anyone found in a common gaming house during gaming activities will be presumed to be there for gambling unless proven otherwise.

Beyond the PGA, penalties for gambling activity are also applied under individual state-specific legislations and are typically outlined in a state's police or gambling statute. Enforcement action is typically pursued vigorously in matters where the authorities believe an illegal gambling space is being operated.

In relation to online money games, the PROG Act and the PROGA Rules prescribe significantly more severe penalties for violations in the online gaming space. Any person who offers online money gaming services is punishable with imprisonment for up to three years or a fine of up to INR 1,00,00,000 (~USD 110,000), or both. Further, making or causing to be made any advertisement promoting online money games attracts imprisonment of up to two years or a fine of up to INR 50,00,000 (~USD 55,000), or both. Further, any person facilitating financial transactions or authorisation of funds faces imprisonment of up to three years or a fine of up to INR 1,00,00,000 (~USD 110,000), or both. Furthermore, these penalties are enhanced for repeat offenders.

## 11. Briefly detail key requirements for licensees.

Please refer to our response to question #6.

## 12. Briefly detail key anti-money laundering requirements.

The Prevention of Money Laundering Act, 2002 ("PMLA") requires a 'reporting entity' to fulfil certain duties, such as maintaining transaction records and reporting relevant information. A reporting entity includes, among others, individuals involved in activities related to games of chance for cash or kind, including those operating casinos.

## 13. Briefly detail key responsible gambling (or safer gambling) requirements.

The PGA, as well as the State Enactments, do not mandate any key responsible gambling requirements.

Under the PROG Act and the PROGA Rules, responsible gaming requirements are framed primarily around user safety, grievance redressal, age-appropriate access, transparency, and financial safeguards for permitted online games, i.e., online social games and e-sports.

## 14. Briefly detail shareholder reporting and approval threshold(s).

Under the foreign exchange laws of India, foreign direct investment is prohibited in gambling and betting activities, including casinos, etc.

## 15. Briefly detail the regulator's enforcement powers, including sanctions.

As noted in our response to question #10 above, from an enforcement perspective, the authorities may impose fines or imprisonment under the PGA, State Enactments or the PROG Act and the PROGA Rules.

The Enforcement Directorate of the Government of India ("ED") has conducted raids across multiple states, investigating offshore betting companies and illegal online casinos. Both central and state governments have taken action to block offshore online betting and casino sites from time to time. Further, the ED has also made arrests and seized funds related to unlawful betting and the routing of proceeds under the PMLA.

Further, the central government recently blocked ~250 illegal betting and gambling sites.

## 16. What is the tax rate?

Section 194 of the Income Tax Act, 2025 ("ITA") imposes a 30% tax on net winnings from "online games", which are defined as games accessible via the internet through a computer or telecommunication device. This tax applies to both skill-based and chance-based games. The withholding tax obligation applies to any winnings from lotteries, horse races, crossword puzzles, card games, gambling or betting exceeding INR 10,000, requiring entities to deduct 30% tax at the time of payment. Additionally, Section 393(3) mandates withholding tax on income from online game winnings.

Furthermore, indirect tax is imposed on any player located in India through the Goods and Services Tax ("GST"), which applies to both goods and services categorized under "supply". A 28% GST is applied to the amount deposited with a supplier at the entry stage in online money gaming and casinos, which is considered a supply of actionable claims (classified as goods).

## 17. Are there any proposals for changing gambling laws and regulations in the next 12-24 months? If so, please provide an overview of the proposed changes and likely timing.

The Indian gambling and online gaming sector is expected to undergo continued regulatory developments over the next 12 to 24 months. The most recent development in India's gaming landscape has been the implementation of the PROG Act and the PROGA Rules which specifically govern and regulate online games.

The overall regulatory direction suggests increased oversight of online real-money gaming activities, coupled with enhanced compliance requirements for operators.

## 18. What key regulatory developments are proposed or on the horizon in the next 12-24 months?

As mentioned in #17 above, the next 12 to 24 months are expected to be dominated by implementation of the new online gaming framework, which will include operationalisation of the Online Gaming Authority of India, prohibition of online money games, registration of e-sports and online social games, and issuance of compliance directions on user safety, grievance

redressal, payments, advertising, data retention and cyber security. Enforcement against online money games, advertising and payment facilitation is also likely to increase, particularly against offshore platforms. State licensing regimes such as Nagaland and Sikkim will need to be read subject to the central prohibition on online money games. In parallel, increased regulatory scrutiny is expected in relation to consumer protection, responsible gaming and financial integrity measures.

Given that betting and gambling are state subjects under the Constitution of India, additional states may introduce or amend existing legislation to either regulate, license or prohibit certain categories of online money games.

### **19. Do you foresee any imminent risks to the growth of the gambling market in your jurisdiction?**

Imminent risks to the growth of the gambling market in the jurisdiction include regulatory uncertainty, with repeated changes in state and central laws over the last few years imposing stricter regulations and prohibitions. With the introduction of the PROG Act and PROGA Rules, the ban on online money games has had a direct impact on online money game users and service providers. As a result, the gambling and online money gaming sector, previously growing at ~25% CAGR, is now likely to be materially constrained.

Additional risks include heightened scrutiny of advertising and influencer marketing practices, increasing anti-money laundering and know-your-customer compliance obligations, payment gateway restrictions, and ongoing litigation challenging the validity of various restrictions and prohibitions.

### **20. If a gambling start-up was looking for a jurisdiction in which to commence its activities, why would it choose yours?**

Despite the evolving regulatory landscape, India remains an attractive market for gambling and online gaming operators due to its significant scale and long-term growth potential. The jurisdiction also benefits from a mature technology ecosystem, a large pool of skilled talent and comparatively competitive operating costs, making India an attractive destination for product development, customer support and technology operations.

Regions such as Goa, Daman and Diu, and Sikkim offer licences for land-based operations, enabling start-ups to enter physical gaming sectors. Having said that, the recent ban on online money games in India has made the online money games landscape less attractive to start-ups. Nevertheless, start-ups focused on e-sports and online social games now have greater regulatory certainty, and such segments offer attractive growth opportunities.

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