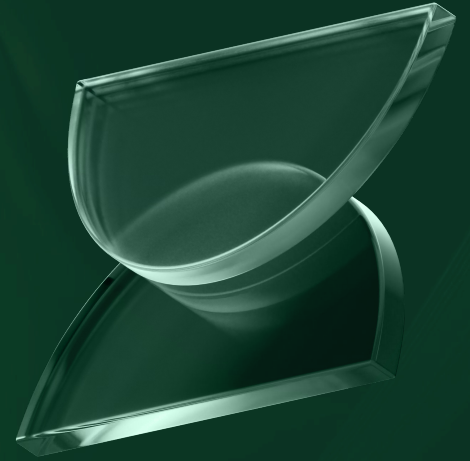


# Begur Bulletin

Gaming

Whitepaper 2025

September, 2025



## Managing Partner's Foreword

Welcome to this edition of the **Begur Bulletin**, where we strive to bring you insightful, relevant, and timely analyses on the legal and business developments shaping our industries today. At **Begur & Partners**, we take pride in our multifaceted expertise, which spans across multiple *"Focus Areas"* and a diverse range of *"Sectors"*, reflecting the depth of our practice established over three decades. In an ever-evolving global landscape, it is imperative to stay informed about the legal nuances and trends that impact businesses, individuals, and institutions alike. Through the **Begur Bulletin**, we aim to share not only our knowledge but also our perspective on these critical developments, empowering our readers to navigate challenges and seize opportunities with clarity and confidence.

Each **Begur Bulletin** is carefully curated to address pressing topics, offering deep analysis and insight that is not only legally sound but also practical and actionable. From corporate mergers to emerging technologies, our insights reflect our commitment to the pursuit of legal excellence and thought leadership in the legal domain. I invite you to explore this edition and reflect on the ideas shared within. As always, we welcome your feedback and look forward to continuing this dialogue with you, our esteemed readers, and hope to contribute to the ever-dynamic legal and business landscape.

Thank you for your continued trust and engagement.

Warm Regards,

**Rajesh Begur**

Managing Partner, Begur & Partners

White Paper

On

GAMING

SECTOR

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### BIRD'S EYE VIEW

The Indian mobile gaming market is poised to reach US\$ 7 billion, in value, by 2025. Indian gaming sector has raised a total of US\$ 2.8 billion from domestic and global investors, over the last five years. India's gaming market grew 23% YoY to US\$ 3.8 billion in revenue in FY24. A recent study by Mordor Intelligence revealed that the gaming market in India reached US\$ 2.2 billion in 2023 and is expected to grow US\$ 8.6 billion by 2028, implying a CAGR of 27.4% over the forecast period. This rapid expansion highlights the opportunities in the Indian gaming sector.

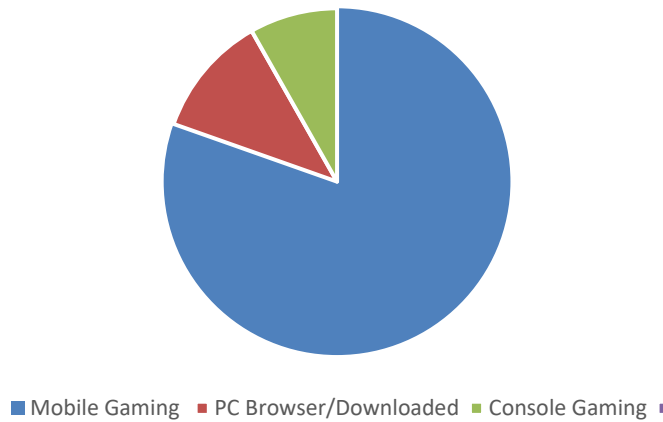


*Source: Mordor Intelligence, IBEF*

### SECTOR COMPOSITION

The composition of India's Gaming sector is diverse, encompassing multiple segments such as mobile gaming, PC Browser/Downloads, Console Gaming each contributing to the sector's overall growth. The chart below illustrates a projected breakdown of the major sector segments in 2024, offering insights into the relative share of each segment.

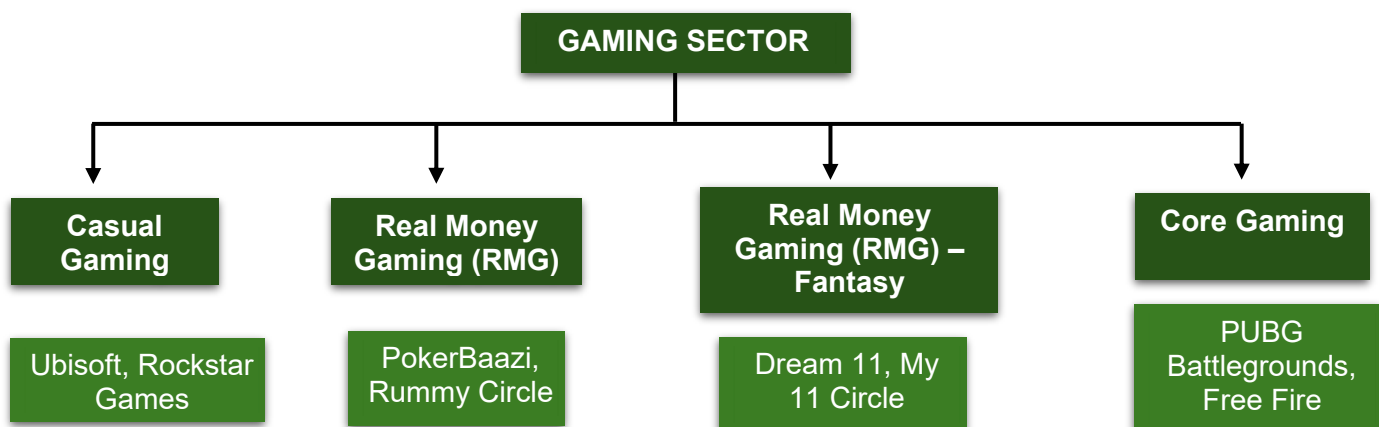
Market Share by Platform Type (2024)



Source: Mordor Intelligence

### GAMING SECTOR AND ITS CATEGORIES

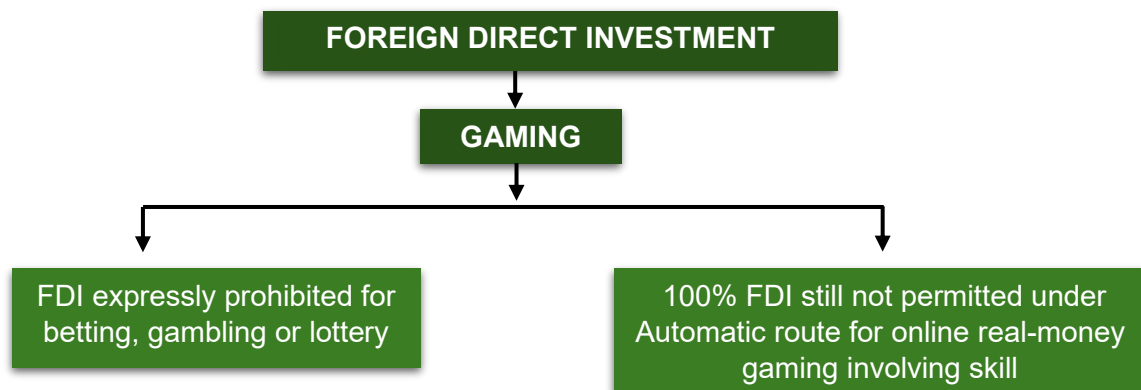
The major segments of the Gaming sector are as under:



## REGULATORY FRAMEWORK

- a) **Foreign Exchange Management Act (“FEMA”)**: In recent decades, Foreign Direct Investment (“**FDI**”) has played a pivotal role in the growth and transformation of India's Gaming sector. FDI enables foreign individuals and organizations to invest in India, with such investments governed by the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (NDI Rules), and the Consolidated Foreign Direct Investment Policy, 2020, under the Foreign Exchange Management Act, 1999, collectively known as the Exchange Control Regulations, which outlines sectoral limits, approval routes, and specific investment guidelines designed to promote fair competition, protect consumer interests, and support the sector's continued growth and development.

Key aspects of the Gaming sector in the FDI Policy are as under:



The FEMA, read with the Foreign Exchange Management (Current Account Transaction) Rules 2000, prohibits remittances from India towards the following transactions:

- remittance of lottery winnings;
- remittance of income from racing, riding or any other hobby; and
- remittance for the purchase of lottery tickets, banned/prescribed magazines, football pools, sweepstakes, etc.

In ***Play Games 24x7 Pvt. Ltd. v. RBI [2023 SCC Online Bom 296]***, the Bombay High Court considered whether FDI was permissible in online gaming platforms offering games like online Rummy and fantasy sports. The DPIIT informed the Court that the petitioner's business fell under the prohibited sector, making the share allotment-related remittances a violation of the FDI Policy. The High Court ultimately held that the Petitioner's business did not fall under gambling, relying on established judicial interpretations of betting and gambling. As a result, FDI restrictions were not applicable to such gaming activities.

b) **Ministry of Electronics and Information Technology (MeitY)**: It is the central authority responsible for overseeing digital platforms, including online gaming intermediaries. It regulates online real-money games, mandates platform due diligence, and proposes the creation of self-regulatory bodies (SRBs) to verify games permissible in India.

With the enactment of the Promotion and Regulation of Online Gaming Act, 2025, these oversight functions have been consolidated under a single statutory framework, superseding earlier state-level regulatory and prohibitory regimes, although this overlap is likely to face constitutional challenge.

c) **The Reserve Bank of India (RBI)**: It plays a key role in regulating digital payments in the gaming sector, especially with respect to Prepaid Payment Instruments (PPIs), digital wallets, and in-game currencies. Under the Payment and Settlement Systems Act, 2007, the RBI oversees how funds are stored, transferred, and used within gaming platforms, ensuring financial integrity and preventing money laundering.

d) **Self-Regulatory Bodies**: In addition to statutory regulation, industry stakeholders have also formed self-regulatory bodies for industry representation.

i. **Federation of Indian Fantasy Sports (“FIFS”)**: FIFS is one of the leading self-regulatory organizations for fantasy sports in India. It works to protect consumer interests and ensure that member platforms comply with standards relating to game fairness, responsible gaming, and data security. It also engages with policymakers to promote recognition of fantasy sports as a game of skill, as upheld by Indian courts.

ii. **All India Gaming Federation (“AIGF”)**: AIGF serves as a central industry body representing various stakeholders across online skill gaming, including poker, rummy, and fantasy sports. AIGF promotes best practices through its Skill Games Charter, supports responsible gaming, and engages with regulators and media to shape public policy and perception. Its aim is to foster a sustainable, ethical, and transparent gaming ecosystem.

iii. **E-Gaming Federation in their Skill Charters**: EGF focuses primarily on online skill-based gaming platforms and advocates for responsible and transparent gaming practices. Through its Skill Gaming Charter, it sets out operational, ethical, and technical standards that members must follow. EGF also supports third-party audits, grievance redressal mechanisms, and tools to ensure compliance with fair gaming norms.

## LEGAL FRAMEWORK

The legal landscape for India’s Gaming sector is governed by multiple regulations that ensure transparency and protect consumer rights. These include:

Regulation	Key Provisions
<b>CENTRAL ACTS</b>	
Promotion and Regulation of Online Gaming Act, 2025 (“ <b>PROGA</b> ”)	The PROGA establishes India’s first central framework for online gaming, replacing fragmented state-wise approach. It imposes a blanket prohibition on real-money gaming (RMG), whether skill or chance based, while barring the promotion,



	<p>facilitation, and payment processing of such games, with stringent penalties for violations.</p> <p>Conversely, it recognises e-sports and online social games as legitimate, non-monetised gaming activities, bringing them under a compliance regime supervised by a central authority. This framework promotes innovation, ensures player safety, and mandates due diligence and age verification, drawing a clear regulatory line between prohibited RMG and permissible gaming.</p>
Information Technology Act, 2000 ( <b>"IT Act"</b> )	It provides a framework for regulating online activities, including gaming, focusing on cybercrimes and data protection. However, it lacks specific provisions for online gaming, creating ambiguity and necessitating state-level interventions.
Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 ( <b>"IT Rules 2021"</b> )	It imposes restrictions upon intermediaries offering online games to provide only permissible online real money games, specifically those that have been verified and approved by self-regulatory bodies.
The Digital Personal Data Protection Act, 2023 ( <b>"DPDPA"</b> )	Any online gaming service provider that gathers personal information while delivering its services is obligated to comply with all data protection requirements outlined under the DPDPA.
Lotteries (Regulation) Act 1998 and the Lotteries (Regulation) Rules 2010	Under these provisions, state governments are authorized to organize, manage, and promote lotteries, provided they comply with specified conditions. They are also permitted to designate individuals or corporate bodies as "distributors" or "selling agents" to handle the marketing and sale of lottery tickets on the state's behalf.
Prevention of Money Laundering Act, 2002 ( <b>"PMLA"</b> )	Online gaming platforms handling financial transactions must adhere to the PMLA requirements, which include verifying player identities, tracking large transactions, and reporting any suspicious activities to the authorities.
Indian Contracts Act, 1872	Users of online gaming platforms generally accept the application's terms and conditions, which function as individual contracts between the platform and each user. These agreements are legally binding on both parties and are governed by the Indian Contract Act, 1872, the primary legislation regulating contracts in India.
The Consumer Protection Act 2019 ( <b>"CPA"</b> )	It forms the basis of consumer protection law in India. It enforces strict regulations on all service providers, including gaming operators, to prevent unfair trade practices, restrictive agreements, substandard services, and deceptive advertising.
Consumer Protection (E-Commerce) Rules, 2020	It places certain obligations on "e-commerce entities," a category that can potentially include real-money online gaming platforms.
Copyright Act, 1957 ( <b>"Copyright Act"</b> )	It provides for penal action for copyright infringement of films and any other copyrighted material.
Trademarks Act, 1999	The Trademarks Act provides for the registration and protection of trademarks, including names, logos, and other brand identifiers. In the context of gaming, this applies to the branding of online gaming platforms, game titles, in-game assets, and associated services, helping operators protect their intellectual property and build brand recognition in a competitive market.
The Patents Act, 1970	It protects technological innovations in gaming, such as game engines, software algorithms, and AR/VR features. While game rules aren't patentable, technical advancements in gameplay can be.
Indecent Representation of Women (Prohibition) Act, 1986	It prohibits the depiction of women in an indecent or derogatory manner across media platforms including through advertisements or in publications, writings, paintings, figures.
Bharatiya Nyaya Sanhita, 2023 ( <b>"BNS"</b> )	It addresses offenses like cheating, online fraud, and cybercrime issues that can arise online and real-money gaming. It replaces the Indian Penal Code, 1860 and



	introduces updated provisions that may impact how illegal gaming activities are identified and penalized.
Payment and Settlement Systems Act, 2007 and the Reserve Bank of India (Issuance and Operation of Prepaid Instruments) Directions, 2017 (" <b>RBI Direction</b> ")	These regulations issued by RBI in relation to pre-paid payment instruments ("PPIs") regulate all forms of in-game currencies issued during the course of gaming.
Public Gambling Act 1867 (" <b>PGA</b> ")	It prohibits gaming and the operating and keeping of a common gaming house, which includes any place in which instruments of gaming are kept, and could be extended to include online gaming platforms.
Prize Competitions Act, 1955 (" <b>PCA</b> ")	It aims to regulate prize competitions, particularly those involving gambling or betting, to prevent unfair practices and protect the public.
Lotteries (Regulation) Act 1998 and the Lotteries (Regulation) Rules 2010	Under these provisions, state governments are authorized to organize, manage, and promote lotteries, provided they comply with specified conditions. They are also permitted to designate individuals or corporate bodies as "distributors" or "selling agents" to handle the marketing and sale of lottery tickets on the state's behalf.
Advertising Standards Council of India Code (" <b>ASCI Code</b> ")	The ASCI Code has set guidelines for gaming advertisements, focusing on promoting responsible messaging.
SEBI advisory on Norms for sharing of real time price data to third parties dated May 24, 2024	It imposed restrictions upon market intermediaries (such as stock exchanges) from sharing real time data in relation to stock prices with third parties including online gaming platforms, apps, websites etc.
MIB advisory on Advertisements Including Surrogate Advertisements of Online Betting Platforms dated August 25, 2023	It imposed restrictions upon social media intermediaries and gaming platforms from directing gambling and betting related advertisements to audiences in India.
The Central Consumer Protection Authority (CCPA)'s Advisory on Prohibition of Advertising, Promotion, and Endorsement of Unlawful Activities dated March 6, 2024	The CCPA advised celebrities and influencers to avoid endorsing illegal betting and gambling, as their endorsements may normalize such activities. It also stated that they can be held accountable for promoting illegal conduct.
Internet and Mobile Association of India (IAMAI) Voluntary Code of Ethics for Online Gaming Intermediaries	IAMAI has established a voluntary code of ethics for online gaming intermediaries, endorsed by major industry bodies such as the All India Gaming Federation (AIGF), E-Gaming Federation (EGF), and the Federation of Indian Fantasy Sports (FIFS).
Guidelines for Prevention and Regulation of Dark Patterns 2023 and ASCI's Guidelines for Online Deceptive Design Patterns in Advertising 2023 (" <b>Dark Pattern Guidelines</b> ")	These guidelines apply to gaming platforms, their operators, and advertisers promoting products on these platforms.
Gaming Guidelines for Online Games with Real Money Winnings (" <b>Gaming Guidelines</b> ")	These guidelines, among other things, ban advertisements that depict minors participating in real-money gaming and mandate disclaimers highlighting the financial risks involved. The Advertising Standards Council of India (ASCI) primarily oversees the content of such advertisements, without addressing the legality of the games themselves.
Telecom Commercial Communications Customer Preference Regulations 2018 (" <b>TCCCPR</b> ").	It regulates advertisements through SMS or voice-based communication. The TCCCPR prohibits unsolicited commercial communications to persons who have opted out of receiving them.

Black Money (Undisclosed Foreign Income Assets) and Imposition of Tax Act, 2015 (" <b>Black Money Act</b> ")	The Central Board of Direct Taxes (" <b>CBDT</b> ") issued a circular under the Black Money Act clarifying that offshore virtual or e-wallet accounts used for online gaming or poker must be disclosed if funded by untaxed income chargeable in India. Such accounts are treated like bank accounts, with similar treatment for valuation and disclosure due to cash inflows and outflows.
<b>STATE SPECIFIC LAWS</b>	
The Bombay Prevention of Gambling Act, 1887	It prohibits all forms of gambling in the state, but it does not explicitly cover online gaming, creating uncertainty regarding the legal status of such activities.
The Tamil Nadu Gaming Act, 1930 and the Tamil Nadu City Police Gaming Rules, 1949	It regulates gaming activities and, in recent years, has sought to ban online games involving real money, such as rummy and poker, due to concerns about addiction and financial losses.
The Sikkim Online Gaming (Regulation) Act, 2008 read with The Sikkim Online Gaming (Regulation) Rules, 2009	It was one of the first state laws to specifically regulate online gaming, allowing licenses for both skill and chance-based games. However, subsequent amendments limited these licenses to intra-state players.
Andhra Pradesh Gaming Act, 1974 and Telangana Gaming Act, 1974 Telangana and Andhra Pradesh	Both states have enacted laws that ban all forms of online gaming involving real money, regardless of whether the game is one of skill or chance.
The Assam Game and Betting Act, 1970	It bans all betting and wagering, except on horse racing and lotteries, and prohibits online fantasy sports for Assam residents.
Telangana's Gaming (Amendment) Act, 2017	It has broadened the definition of wagering and betting to include activities that risk money on uncertain events, even if the game is skill-based. This amendment has been challenged in the High Court of Telangana and the Court is yet to decide the matter.
<b>POKER</b>	
The Nagaland Prohibition of Gambling and Promotion and Regulation of Online Games of Skill Act 2015 (" <b>Nagaland Act</b> ")	It distinguishes between games of chance and games of skill. It prohibits gambling while allowing and regulating online games of skill through a licensing framework, making Nagaland one of the first Indian states to formally recognize and oversee skill-based gaming.
The Nagaland Prohibition of Gaming and Promotion and Regulation of Online Games of Skill Rules, 2016	It differentiates between games of skill and games of chance, establishing a licensing framework for skill-based games like poker, rummy, and fantasy sports.
West Bengal Gambling and Prize Competitions Act 1957	It regulates gambling activities and prize competitions within the state. It prohibits certain forms of gambling while permitting games of skill and prize competitions under specific conditions. It specifically excludes poker from the definition of "gaming or gambling".
<b>CASINO GAMING</b>	
Sikkim Casinos (Control and Tax) Act 2002 (" <b>Sikkim Casino Act</b> ") and Sikkim Casino Games Commencement (Control and Tax) Rules 2007	It provides the legal framework for licensing and regulating casinos in Sikkim. It authorizes the government to grant licenses for casino operations in designated areas, primarily to promote tourism and generate revenue. The Sikkim Casino Games Commencement (Control and Tax) Rules, 2007 were introduced to operationalize the Act, laying out detailed procedures for licensing, taxation, and regulatory compliance for casino operators.
Goa, Daman and Diu Public Gambling Act 1976 (" <b>Goa Act</b> ")	It regulates gambling in these Union Territories. While it generally prohibits public gambling, the Act allows the state government to authorize and license certain forms of gambling, including casinos. This legal framework has enabled the operation of both onshore and offshore casinos in Goa, making it a notable exception among Indian states.
<b>JUDICIAL PRECEDENTS</b>	
<b>HORSE RACING BETTING/SPORTS BETTING</b>	

<i>Dr KR Lakshmanan v State of Tamil Nadu [(1996) 2 S.C.C. 226]</i>	The Hon'ble Supreme Court (SC) ruled that horse racing is a game of skill, not gambling, and thus outside the scope of the PGA. It also affirmed that games involving significant skill qualify as trade, business, or profession under Article 19(1)(g) of the Constitution, offering constitutional protection.
<i>Junglee Games India Private Limited v. State of Tamil Nadu [2021 SCC Online Mad 2762]</i>	The Madras High Court ruled that the term 'betting' under Entry 34 of List II, Schedule 7 of the Constitution refers only to wagering on games of chance, not games of skill.
<i>Geeta Rani v. Union of India [WP No. 34053 of 2018]</i>	The petitioner sought the legalization of sports betting, arguing it involves skill and shouldn't be classified as gambling. The central and several state governments were named as respondents. However, authorities maintain that sports betting is a prohibited gambling activity. The court did not issue a blanket ruling but stated that each betting product must be evaluated individually based on its nature and the offering entity.
<b>CHESS AND CAROM</b>	
<i>Manakadu Elainger Nala Sports, Narpani Mandram v State of Tamil Nadu [2005 SCC OnLine Mad 8]</i>	The Madras High Court ruled that skill-based games like chess and carom, even with club fees, are exempt from the Public Gambling Act, 1867, and do not constitute gambling.
<b>GAME OF POKER</b>	
<i>M. J. Sivani v. State of Karnataka [AIR 1995 SC 1770]</i>	The Hon'ble Supreme Court held that gaming involves prizes or consideration and includes any game played for money, whether based on skill or chance. It observed that in games like Poker Double Up, Blackjack, and Pacman, played on electronic machines, outcomes could be manipulated, leaving no room for skill. Therefore, such games were classified as games of chance.
<i>Dominance Games Private Ltd v State of Gujarat [2017 S.C.C. Guj 1838]</i>	The Gujarat High Court ruled that poker is a game of skill rather than chance, and therefore, it does not qualify as gambling.
<i>All India Gaming Federation v State of Tamil Nadu [2023 S.C.C. Online Mad 6973]</i>	The Madras High Court upheld the legality of real-money gaming, including rummy and poker, affirming that these games are skill-based, not chance-based. It ruled that Indian citizens have the right to participate in such activities and overturned Tamil Nadu's ban, giving a significant boost to the state's gaming industry.
<i>Indian Poker Association v. State of Karnataka, [2013 SCC Online Kar 8536]</i>	The Karnataka High Court held that, "in respect of the game of poker if played as a game of skill, license is not contemplated". However, the judgment did not define the specific conditions under which Poker qualifies as a skill-based game, leaving the interpretation open-ended.
<i>Indian Poker Association v. State of West Bengal [2019 SCC Online Cal 3435]</i>	The Calcutta High Court ruled that Poker is not classified as gaming or gambling under the West Bengal Gambling Act, 1957. Hence, playing Poker alone does not justify police interference, and players should not be harassed.
<b>GAME OF RUMMY</b>	
<i>Gameskraft Technologies Private Limited v. DGGI [2023 SCC Online Kar 18]</i>	Hon'ble Supreme Court held that Rummy, whether played for stakes or not, is a game of skill and does not amount to betting or gambling.
<i>State of Andhra Pradesh v. K. Satyanarayana &amp; Ors. [2 SCR 387 (1968)]</i>	The Andhra Pradesh High Court held Rummy to be a game of skill and not a game of chance. It was held that Rummy was a game involving a preponderance of skill rather than chance.
<i>Amit M. Nair v. State of Gujarat [R/Writ Petition (PIL) No. 146 of 2020]</i>	In a plea to declare online gambling, especially online Rummy, as illegal under Sections 4 and 5 of the Gujarat Prevention of Gambling Act, 1887, the Gujarat High Court declined, citing the Supreme Court's ruling in <i>State of Andhra Pradesh vs. K. Satyanarayana</i> , which recognized Rummy as a game of skill, leaving no room for further debate.
<i>Manoranjithan Manamyil Mandram v State of Tamil Nadu [AIR 2005 Mad 261]</i>	The Madras High Court ruled that whether a game is of chance or skill depends on the facts and circumstances of each case. It clarified that skill-based games,

	where success relies on a substantial degree of skill, do not constitute gambling, while games of chance are dominated by luck, which influences the outcome.
<b>GAME OF FANTASY SPORTS</b>	
<i>Gurdeep Singh Sachar v Union of India (2019) SCC OnLine BOM 13059</i>	Hon'ble Supreme Court ruled that fantasy sports outcomes are not tied to real-world results, clearing Dream11 of any gambling or betting allegations.
<i>Varun Gumber v Union Territory of Chandigarh [2017 Cri. L. J. 3827]</i>	The Punjab and Haryana High Court ruled that fantasy sports, such as fantasy cricket, involve significant skill and judgment, and thus do not qualify as gambling. The court distinguished between skill-based and chance-based games, highlighting that fantasy sports require players to apply their knowledge and make strategic decisions. The court held Dream11 as a game of skill and thus legal.
<i>Ravindra Singh Chaudhary v Union of India &amp; Ors. [D.B Civil Writ Petition No. 20779/2019]</i>	The Rajasthan High Court reaffirmed that online fantasy sports, where skill predominates, qualify as games of skill and are protected under Article 19(1)(g) of the Constitution. and upheld the legality of such platforms. It rejected challenges to the legitimacy of fantasy sports, emphasizing their distinction from gambling.
<i>Avinash Mehrotra v. State of Rajasthan [SLP (C) NO. 11794/2021]</i>	The Rajasthan High Court held that the legality of fantasy sports is no longer a res integra issue, as the Supreme Court has consistently dismissed challenges against such platforms.

### GOVERNMENT INITIATIVES

The Indian Government has initiated several measures to bolster the gaming sector:

Initiative	Particulars
<b>The Animation, Visual Effects, Gaming and Comic (AVGC) Task Force</b>	Established by the Ministry of Information and Broadcasting in April 2022, this task force aims to enhance the Animation, Visual Effects, Gaming, and Comics (AVGC) industry through training and incentives.
<b>Bharat Tech Talent Platform (BTTP)</b>	Launched to showcase the capabilities of Indian game developers, aligning with the "Create in India for the World" vision
<b>National Centre of Excellence for AVGC-XR</b>	Announced by the Union Cabinet to promote research and development in immersive technologies within the gaming sector
<b>KINFRA Film and Video Park</b>	Located in Kerala, this is India's first infotainment industrial park, providing infrastructure for animation and gaming companies.
<b>Online Skill Games Olympiad</b>	Organized by the Skillhub Online Games Federation to promote skill-based gaming and esports across the country.

### TAXATION FRAMEWORK

- a) **Corporate Tax:** Companies in India are taxed against profits earned by them during a given taxable period. The company's operating earnings, after deduction of depreciation from revenues, come within the tax net. The following table captures the corporate tax rates applicable on companies in India for the Assessment Year 2026-27:



Sr. No.	Category	Rate of Corporate tax (excluding surcharge and cess)
1.	<b>Resident Companies (Turnover ≤ INR 4 billion in financial year)</b>	25% + applicable surcharge and education cess
2.	<b>Resident Companies (Turnover &gt; INR 4 billion in financial year)</b>	30% + applicable surcharge and education cess
3.	<b>Non-resident companies</b>	35% + applicable surcharge and education cess

**Additional Tax Incentives:** Startup Tax Exemption: Section 80-IAC of the Income Tax Act, 1961 provides tax holidays for eligible startups (including startups engaged in gaming sector) that are recognized by the Department for Promotion of Industry and Internal Trade (DPIIT). Under this provision, eligible gaming startups could be allowed to deduct 100% of the profits and gains derived from their qualified business for 8 (eight) consecutive assessment years out of 10 (ten) years from the date of incorporation of the eligible start-up.

- b) **Withholding Tax:** Withholding tax, also known as Tax Deducted at Source (TDS), is a mechanism where a portion of a payment is deducted by the payer before making the final payment to the recipient. This ensures that the government collects tax at the time of the transaction rather than waiting for the recipient to report the income. The deducted amount is then deposited with the tax authorities.

Different types of transactions related to the gaming sector attract withholding tax at varying rates under the Income Tax Act, 1961. Below are key categories and their applicable rates in India:

Provision	Withholding Tax	Rate	Note
<b>Section 194B</b>	Winning from any betting or gambling game	30%	Any person responsible for paying any person any income by way of winnings from any lottery or crossword puzzle or card game and other games of any sort or from gambling or betting, provided amount exceeds ten thousand rupees, shall deduct TDS at the rate of 30% at the time of payment.
<b>Section 194BA</b>	Winnings from Online Games	30%	Any person responsible for paying any person any income by way of winnings from any online game during the financial year shall deduct TDS at the rate of 30% on the <i>net winnings</i> credited to the user's account.

- c) **Goods and Service Tax (“GST”):** The GST taxation on gaming entities is governed by several provisions under the Central Goods and Service Tax Act, 2017 (“**CGST Act**”). In a significant policy shift impacting the online gaming sector, the Central Government amended the CGST Amendment Act, 2023 and the Central Goods and Services Tax (Third Amendment) Rules, 2023 (the “**CGST Amendment Rules**”) to impose a **28% GST** on the full value of the amount paid, or payable to, or deposited with, online gaming platforms, casinos, and horse racing operators. These amendments, which came into effect from October 1, 2023, replaced the earlier regime where GST was charged at 18% on the platform fee or gross gaming revenue (GGR). The revised structure mandates the levy of GST on the total deposit amount, significantly increasing the tax liability for operators and users alike. The table below outlines the key differences between the previous and current GST structures

Category	Rate of Tax	Previous GST Regime	New GST Regime (from Oct 1, 2023)
<b>Online Gaming</b>	28%	18% GST on platform fee or GGR	28% GST on the full value of amount paid/deposited
<b>Casinos</b>	28%	18% on GGR / platform fee	28% on total deposit value
<b>Horse Racing</b>	28%	18% on commission or GGR	28% on entire amount paid for bets

### CHALLENGES AND OPPORTUNITIES

- Impact of the PROGA:** The PROGA is set to trigger significant regulatory uncertainty in India's gaming sector. It is blanket ban on all forms of real-money gaming, regardless of skill or chance, clashes directly with existing state laws and judicial precedents that recognises skill-based games. As "betting and gambling" fall within the State List, constitutional challenges are inevitable, likely leading to prolonged legal battles. Until clarity emerges, India's fragmented framework will remain unsettled, disrupting ongoing state regimes and deepening confusion across the online gaming industry.
- Shortage of Skilled Talent:** The gaming industry's growth is surpassing the availability of trained professionals. A lack of experienced designers, developers, artists, and programmers makes it difficult to produce top-tier games capable of succeeding on a global stage.
- Insufficient Investment:** Although the sector is attracting international interest, current funding levels may fall short of what's needed to support its ambitious growth trajectory. This financial gap can hinder domestic studios from producing advanced games and competing with global players.
- Infrastructure Challenges in Rural Areas:** A significant digital divide still exists between urban and rural regions of India. Limited access to reliable internet and affordable gaming hardware in rural areas restricts the involvement of a large potential user base, slowing down widespread adoption and market expansion.



## HOW WE CAN ASSIST

BEGUR & PARTNERS specializes in sports, gaming and entertainment, offering high-quality legal solutions tailored to the gaming industry. We offer comprehensive legal support to gaming companies, from regulatory advisory and compliance to intellectual property protection and licensing. Our team assists clients in navigating the complex legal landscape of online gaming, including issues related to game classification, data privacy, and state-wise regulations. We also help with drafting commercial agreements, resolving disputes, and guiding foreign companies entering the Indian gaming market. With a client-centric approach, we ensure that businesses can grow and innovate while staying legally protected in a dynamic industry.

## OUR CAPABILITIES

Assistance with obtaining gaming licenses and permits.

Drafting and negotiating development, publishing, collaboration, and partnership agreements.

Structuring sponsorship deals and endorsement agreements.

Navigation of data privacy laws and development of privacy policies.

Protection of trademarks, copyrights, patents, and trade secrets.

Regulatory aspects of gaming laws and licensing issues

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## Latest Awards and Recognitions

**RSGI Resight (RSG India)**

**IBLJ A List**  
A List (2023-2024)

**ALB India Law Awards 2025**  
Notable Firm (2024)

**Legal 500**  
Private Equity (including Venture Capital) - Tier 5 (2025)

**IFLR1000 (34th Edition) 2024**

1. Rajesh Begur B Ranking: Leading Lawyer – Highly Regarded
2. Firm Ranking: Recommended Firm
3. Southern Asia, Australasia and Central Asia Ranking: Highly Regarded

**Corporate INTL Global Awards**

Cross Border Private Equity Transactions Law Firm of the Year in India - 2025

**Forbes India – Legal Powerlist 2023**

Top Law Firm (above 10 years' experience)

**Asia Law 2022**

Notable Firm – Private Equity, Investment Funds, Banking and Finance, Corporate and M&A

**Global Law Expert 2021**

Cross Border Private Equity Transactions Law Firm of the year

**RSG Consulting 2019**

Top 40 Indian Law Firm

