



# **DAILY EDITORIAL ANALYSIS**

**TOPIC**

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**INDIA'S BAN ON BETTING  
APPS & CURBING MONEY  
LAUNDERING**

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## INDIA'S BAN ON BETTING APPS & CURBING MONEY LAUNDERING

### Context

- Recently, the Parliament of India passed the '**Promotion and Regulation of Online Gaming Bill, 2025**' that is designed to curb addiction, financial ruin and social distress caused by predatory gaming platforms that thrive on misleading promises of quick wealth.

### Need For Promotion & Regulation of Online Gaming Bill 2025

- India's online gaming sector is booming — with **over 650 million smartphone users**, a youthful population, and a **rapidly growing digital economy**.
- According to the MeitY data:**
  - Over 45 crore Indians have been negatively affected by online money games.
  - Estimated 20,000 crore in financial losses have occurred due to unregulated platforms.
  - Cases of suicide, addiction, and family distress linked to compulsive gaming have been reported.
- Economic Gaps:** The sector is projected to reach 66,000 crore by 2028, growing at 14.5% CAGR.
  - Illegal offshore betting markets receive \$100 billion annually from India, causing an estimated \$45 billion loss in tax revenue.
- Money Laundering Threat:** Online money gaming platforms — often **operating in legal gray zones** — enabled:
  - Untraceable financial transactions, especially via offshore accounts and cryptocurrencies.
  - False promises of profit, luring users into high-stakes betting.
  - Capital flight, undermining domestic financial stability.
- Crypto Risks:** India already has nearly 100 million crypto wallets, making it easy for users to bypass the banking system entirely. It could:
  - Increase untraceable financial transactions;
  - Facilitate capital outflows;
  - Undermine efforts to combat money laundering;
- Social & Psychological Harm:** The World Health Organization (WHO) classifies gaming disorder as a health condition, marked by:
  - Loss of control over gaming habits;
  - Neglect of daily activities;
  - Continued play despite harmful consequences.

### Key Features of the Bill

- The Bill takes a **dual approach**: it bans harmful online money games while encouraging constructive digital gaming. It promotes:
  - E-sports:** Competitive digital sports requiring strategy and teamwork.
  - Online social games:** Skill-based, casual games for entertainment and learning.
  - Educational games:** Tools for cognitive and academic development.
- On the other hand, **Bill prohibits:**
  - Online money games involving betting or gambling, regardless of whether they're based on skill or chance.
  - Advertisements and financial facilitation of such games.
- Institutional Framework:** The Bill establishes:
  - An **Online Gaming Authority** to oversee regulation, policy support, and strategic development.
  - A **national-level legal framework** to unify state policies and safeguard digital sovereignty.

### Major Concerns Surrounding the Online Gaming Bill, 2025

- **Blanket Ban on Real-Money Gaming:** Industry bodies like the E-Gaming Federation and All India Gaming Federation argue that the blanket ban could cripple a legitimate, job-creating sector, **affecting over 2 lakh jobs**.
- **Risk of Driving Users to Illegal Platforms:** Banning regulated platforms may push users toward offshore and dark web gambling sites, which are harder to monitor and more prone to money laundering and terror financing.
  - ♦ These platforms often use cryptocurrencies, mule bank accounts, and mirror websites to evade detection.
- **Investor Sentiment and Economic Fallout:** The Indian gaming industry, projected to reach \$9 billion by 2029, may face a massive drop in foreign investment.
- **Enforcement Challenges:** Implementing the ban is complex due to the ease of domain switching, app cloning, and cross-border operations.
  - ♦ Warrantless searches and broad enforcement powers could raise privacy and civil liberty concerns.

### How Bill Combats The Issue of Money Laundering?

- **Complete Ban on Online Money Games:** All games involving monetary stakes — whether skill-based or chance-based — are prohibited.
  - ♦ It includes fantasy sports, poker, rummy, and betting apps.
  - ♦ By banning real-money games and severing their financial lifelines, the Bill:
    - Disrupts laundering networks that rely on gaming platforms as fronts.
    - Protects users from financial exploitation and addiction.
    - Preserves India's digital economy from reputational and fiscal damage.
- **Ban on Financial Facilitation:** Banks and financial institutions are barred from processing payments for banned games.
  - ♦ It cuts off the formal financial pipeline that enables laundering.
- **Prohibition of Advertisements:** Advertising of online money games is outlawed, preventing platforms from attracting new users into laundering schemes.
- **Strict Penalties:** Violations can result in up to 3 years imprisonment, fines up to 1 crore, or both.
- **Centralized Oversight:** An Online Gaming Authority will monitor compliance and coordinate enforcement across states.
  - ♦ It helps close jurisdictional gaps that offshore platforms exploit.

### Other Related Initiatives to Counter the Risks of Online Gaming

- **Information Technology Act, 2000 and Related Rules:** The IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 laid down norms for online gaming platforms.
  - ♦ **Section 69A** of the IT Act empowers the Government to block access to illegal websites or links.
- **Bharatiya Nyaya Sanhita, 2023:** Section 111 penalises unlawful economic activities and cybercrimes.
  - ♦ Section 112 prescribes punishment for unauthorised betting and gambling.
- **Integrated Goods and Services Tax Act, 2017 (IGST Act):** Illegal and offshore gaming platforms are regulated under the IGST Act.
  - ♦ Online money gaming suppliers must register under the Simplified Registration Scheme.
- **Consumer Protection Act, 2019:** It prohibits misleading and surrogate advertisements.
  - ♦ The **Central Consumer Protection Authority (CCPA)** has powers to investigate, penalise and take criminal action against offenders.

**Conclusion & Way Forward**

- The Bill reflects a strong intent to protect users from addiction and financial harm — but its sweeping scope has sparked debate about whether it sacrifices innovation and economic growth in the process. There is a need to:
  - ♦ targeted regulation instead of blanket bans.
  - ♦ clear definitions distinguishing games of skill from gambling.
  - ♦ robust oversight mechanisms to prevent misuse without stifling innovation.

Source: LM

**Mains Practice Question**

- Q. Critically evaluate how India's ban on betting apps may impact efforts to curb money laundering. Highlight the potential benefits and unintended consequences.

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