

THE DIGITAL GAMBLE

How Online Real Money Games Are
Costing India Its Future

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1. Background

India's digital economy is expanding rapidly, fuelled by affordable data, rising smartphone use, and a tech-savvy youth population. Within this ecosystem, online real money games (RMGs), platforms where users deposit money in expectation of financial returns through games such as poker, rummy, and fantasy sports, have become powerful drivers of digital engagement.

Nearly 45 percent of youth aged 12-34, around 23 crore individuals, are engaged with RMGs, with participation peaking in the early twenties. Urban engagement is higher (48 percent) than rural (33 percent), but the gap is narrowing. More concerning is the participation of adolescents aged 12-14 despite legal restrictions, exposing them to early risks of addiction and financial losses.

While the sector creates entertainment and some employment opportunities, it also brings serious risks: addiction, debt traps, scams, loss of productive time, family disputes, and substantial tax leakages. The convergence of digital payments and celebrity-driven marketing has blurred the line between entertainment and unregulated financial services. The fantasy sports market alone is projected at ₹1,65,000 crore in FY 2025, yet the broader RMG industry continues to operate in regulatory grey zones with minimal consumer protection. Oversight remains fragmented across departments, and the Public Gambling Act of 1867 is obsolete to the realities of digital platforms.

For policymakers, the issue goes far beyond entertainment. RMGs now touch on financial stability, social well-being, productivity, and even national security due to money laundering risks. Without comprehensive intervention, India risks normalising gambling-like behaviours among its youth, embedding long-term vulnerabilities that will be difficult to reverse.

2. Approach & Methodology

To examine the socio-cultural and economic dimensions of online real money gaming (RMG) among Indian youth, this exploratory study adopted a **mixed-method approach** that quantified participation and financial risks while capturing lived experiences and behavioural patterns. The combination of **quantitative surveys** and **qualitative insights** ensured statistical reliability and lived experiences.

Research Objectives



Scale & Impact:

Measure prevalence, demographics, and socio-economic effects of RMG use among youth (12-34 year age group).



Financial Risks:

Analyse deposit patterns, losses, and fiscal implications



Behavioural Impacts:

Assess effects on mental health, productivity, and social relationships.



Platform Influence:

Study celebrity endorsements, marketing strategies, and platform design.



Regulatory Gaps:

Identify policy vulnerabilities and awareness deficits.



Intervention Framework:

Develop evidence-based recommendations for regulation and youth protection.

Key Elements of Methodology

- **Design:**
Large-scale surveys combined with in-depth interviews and focus group discussions.
- **Sample:**
5,794 respondents across **17 states**; core demographic 15–34 years, with a sub-sample (12–14 year age group) to assess risks of early exposure.
- **Statistical Validity:**
95% confidence level, $\pm 2\%$ margin of error.
- **Parameters Studied:**
 - Engagement patterns (frequency, duration, game types).
 - Financial behaviour (deposits, losses, scams, illegal apps).
 - Social impacts (family, study/work, outdoor activities)
 - Mental health (anxiety, depression, addiction).
 - External influences (celebrity endorsements, digital payments).

Ethical Safeguards

- Informed consent and assent obtained from all participants; parental consent taken for minors.
- Special protocols for minors, including counselling support and collaboration with child protection agencies.
- **Outcome Orientation:**
The methodology ensured findings were both statistically robust and practically relevant, enabling actionable insights for regulation, consumer protection, and youth welfare.

3. Key Findings: The Scale and Impact of Online Real Money Gaming

Online real money gaming (RMG) has evolved into a mainstream phenomenon affecting **23 crore youth** (45% of the 12–34 age group) and generating an annual economic drain of **₹87,304 crore**. The findings reveal systematic participation by minors, fiscal losses equivalent to 1.7 times India's Higher Education budget, and widespread behavioral changes affecting nearly half of all users.

Demographic Engagement and Market Penetration

Scale of Youth Participation

The study reveals unprecedented engagement levels among Indian youth with RMG platforms. **45% of individuals aged 12–34 years actively participate** in real money gaming, representing approximately **23 crore users** across the country. This participation rate demonstrates that RMG engagement has transcended from niche digital activity to mainstream youth behavior.

Geographic Distribution Patterns

Urban areas show higher engagement rates at **48% compared to 33% in rural areas**, though this digital divide is narrowing as smartphone penetration and internet accessibility expand across rural India. The geographic spread indicates RMG platforms have successfully penetrated diverse socio-economic segments of the youth population.

Concerning Minor Participation

Despite legal restrictions prohibiting minor participation, **adolescents aged 12-14 years are actively engaging** in RMG platforms including fantasy sports and betting applications. This demographic shows particularly concerning patterns, with **75% unable to identify illegal gaming platforms**, indicating significant gaps in current age verification systems and regulatory enforcement mechanisms.

Economic Impact and Financial Patterns

Individual Financial Behaviors

User financial patterns reveal systematic losses despite promotional messaging about potential winnings. On average, users **deposit ₹3,785 per session, win ₹6,845, but experience net losses of ₹10,630**, creating negative financial outcomes for the majority of participants. The mathematical structure suggests platform designs favor the house over individual users.

Offshore and Illegal Platform Usage

Games accessed through unregulated channels including VPN services, APK files, and social media links show even higher financial risks. Users of these platforms **deposit an average of ₹9,034 per session, win ₹6,746, but lose ₹8,693**, indicating increased exposure to predatory gaming mechanics on unregulated platforms.

National Fiscal Impact

The economic implications extend far beyond individual losses to represent substantial revenue leakage from India's formal economy:

- **₹48,631 crore annual GST revenue losses** from unregulated platforms
- **₹38,673 crore in direct tax revenue losses**
- **Combined annual fiscal drain of ₹87,304 crore**

To contextualize this economic impact, the total losses represent:

- **1.7 times India's Higher Education budget allocation for 2025-26**
- **1.2 times the Drinking Water and Sanitation budget**
- **0.9 times the Health and Family Welfare budget allocation**

Meanwhile, India is projected to receive a mere **₹20,557 crore in GST from regulated RMG platforms for FY 2025-26**, highlighting the scale of revenue diversion to offshore channels.

Time Displacement and Productivity Impact

Annual Time Losses

RMG engagement creates substantial displacement of productive time, with users losing an average of **56 working days annually** to gaming activities. This time displacement represents a significant reduction in human capital productivity across the affected demographic.

Daily Activity Displacement Patterns

The study quantifies specific daily time displacement patterns:

- **1.21 hours diverted from family engagement** daily
- **1.23 hours displaced from study or work activities** daily
- **1.41 hours removed from outdoor physical activities** daily

These displacement patterns indicate RMG engagement is systematically reducing time allocated to health, education, career development, and social relationship maintenance.

Behavioral and Lifestyle Changes

Activity Substitution Patterns

RMG engagement creates measurable changes in user lifestyle patterns and recreational activities:

- **45%** of users **reduce outdoor physical activities**
- **49% abandon** previously established **hobbies and interests**
- **50%** report completely **disrupted daily routines**

Financial Desperation Behaviors

The financial pressure created by gaming losses leads to concerning behavioral adaptations, with **10% of users selling personal** assets to cover gaming-related financial shortfalls. Asset liquidation ranges from mobile phones and electronics to vehicles and property, indicating the severity of financial distress among a subset of users.

Payment System Vulnerabilities Among Minors

Minor participation reveals concerning circumvention of existing financial protections:

- Minors frequently **use parental UPI accounts or peer payment systems** without authorization
- Many access games through **APK files, Telegram, or WhatsApp distribution** that bypasses standard age verification
- **Existing payment restrictions** (such as Google Pay's business deposit limitations onto such platforms for under-18 users) are being circumvented through alternative download and payment channels, alluding to lack of parental oversight.

Monetary Characteristics Across Occupational Groups

The analysis highlights significant differences in **spending, winnings, and losses** across occupational groups, distinguishing between **games downloaded from official sources** and those obtained from **unknown or unofficial sources**.

Downloading Source/Mode of Earning Income	Real Money Games Downloaded Through Known Platforms (eg. Playsotre)			Real Money Games Downloaded Through Unknown Sources (eg. VPN, Links through Social Media)		
	Avg. Spend / Session	Avg. Winnings	Avg. Losses	Avg. Spend/ Session	Avg. Winnings	Avg. Losses
Daily Wage Labourers	₹6,966	₹4,985	₹8,550	₹7,037	₹3,415	₹7,922
Freelancers /Gig Workers	₹4,068	₹8,668	₹9,609	₹8,321	₹6,313	₹6,692
Self-Employed	₹3,484	₹8,368	₹8,803	₹8,803	₹6,460	₹8,076
Private Job Employees	₹2,728	₹7,149	₹7,079	₹6,496	₹5,273	₹5,273
Students	₹2,068	₹2,880	₹3,601	₹3,795	₹2,367	₹3,554
Farming	₹3,126	₹3,088	₹3,044	₹3,044	₹3,214	₹2,946
Animal Husbandry (as per survey)	₹2,989	₹3,364	₹6,023	₹5,125	₹2,773	₹6,057

- **Losses > Winnings** across both official and unofficial sources for almost all occupational groups.
- **High-risk segments:**
Freelancers, self-employed individuals, and daily wage labourers, especially in app-based gaming through unofficial sources.
- **Youth exposure:**
Students spend less but still report notable losses, showing rising vulnerability.
- **Rural risks:**
Animal husbandry workers and farmers face hidden financial stress, especially when accessing unofficial platforms.

Mental Health and Well-being Impacts

The study documents widespread mental health consequences among RMG users:

- **46% report mental health challenges** including anxiety, depression, and sleep disruption
- **72% recognize RMGs as potentially addictive** while simultaneously continuing engagement
- **42% acknowledge personal addiction** to RMG platforms

Predictive Mental Health Risk Factors

Our Binary Logistic Regression analysis reveals specific gaming behaviors that relate with increased mental health deterioration:

- Each **additional month** of app usage **increases mental health risk by 2%**
- Each **additional gaming** session per week **increases risk by 2%**
- Spending **₹500 per session** increases **risk by 10%**
- Every **10 hours weekly** of displaced outdoor time **increases risk by 2%**
- Every **10 hours weekly** of displaced study/work time **increases risk by 2.4%**

Celebrity Endorsement Impact

Trust and Platform Selection

Celebrity endorsements have become a primary driver of platform trust and user acquisition among Indian youth. **66% of users report trusting RMG platforms primarily due to celebrity endorsements**, while **51% began gaming specifically due to celebrity influence**.

Spending Amplification Effects

Celebrity endorsement exposure creates statistically significant increases in financial risk-taking behavior. Our independent-samples Welch's t-test shows that users exposed to celebrity promotions **spend an average of ₹6,272 per session compared to ₹2,446 for unexposed users** on games downloaded through unknown sources. This represents a **2.5x spending increase directly attributable to celebrity influence**.

The spending differential ranges between **₹2,039 and ₹5,612 additional expenditure per session** among celebrity-influenced users. Statistical analysis confirms this pattern has **extremely high confidence levels (probability of randomness approximately 1 in 43,000)**, establishing celebrity endorsements as a primary driver of increased financial risk exposure.

Digital Literacy and Awareness Gaps

Platform Recognition Failures

The study reveals concerning gaps in users' ability to navigate the RMG landscape safely:

- **64%** of overall users **cannot differentiate** between **legal and illegal** gaming platforms
- **75%** of adolescents (12-14 years) **fail to recognize illegal platforms** entirely
- **54%** are **unaware** of **existing gaming laws** and regulations

Conceptual Understanding Issues

User understanding of RMG mechanics shows significant confusion about the nature of their financial engagement:

- **28%** mistakenly **view** gaming deposits as "**investments**" rather than gambling stakes
- **67%** **identify** activities as **gambling**, revealing divided conceptual understanding
- **66%** base platform **trust** solely on **celebrity endorsements** rather than regulatory compliance or security certifications

Fraud and Security Vulnerabilities

The digital literacy gaps create substantial exposure to fraudulent activities:

- **52%** of users receive **scam or loan solicitation calls** after downloading gaming applications
- **20%** are contacted by **offshore accounts** attempting various forms of **fraud**
- **41%** report lack of **customer support** from gaming platforms, increasing **vulnerability to exploitation**
- **29%** (12-14 year age group) receive **scam calls** after gaming engagement, indicating particular **vulnerability among underage users**

User Attitudes Toward Risk and Intervention

Addiction Recognition and Self-Awareness

Despite widespread engagement, users demonstrate significant awareness of RMG risks and their personal vulnerability:

- **72%** acknowledge that **RMGs** are potentially **addictive**
- **42%** **admit** to experiencing personal **addiction** to gaming platforms
- This recognition suggests users are engaging despite conscious awareness of **associated risks**

Demand for Alternative Opportunities

The study reveals substantial user interest in constructive alternatives to RMG engagement:

- **71%** actively seek **digital and financial literacy programs**
- **77%** express strong interest in **upskilling and career development opportunities**

These patterns suggest that while users recognize the problematic nature of RMG engagement, they continue participation partly due to limited awareness of alternatives or lack of access to more constructive digital engagement opportunities.



About CSRBOX Group

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