



LEXTECH PRESENTS

THE GAMES BEGIN!

ANALYSING THE DRAFT PROG RULES, 2025

MAY THE 🎲DDS BE EVER IN YOUR FAVOUR

EXPLAINER SERIES

INTRODUCTION

In an uncommon display of regulatory efficiency, the Ministry of Electronics and Information Technology (“**MeitY**”) released The Draft Promotion and Regulation of Online Gaming Rules, 2025 (“**Draft Rules**”) the day after notifying the Promotion and Regulation of Online Gaming Act, 2025 (“**PROGA**”), aiming to operationalise the new framework posthaste.

First, a little context. Recent years have seen online gaming in India grow rapidly, fuelled by easy access to smartphones, reduced data costs, and platforms offering a wide array of casual and competitive games. Naturally, concerns arose around games involving money, particularly reports of financial loss, addiction, fraud, and other social harms.

In the absence of a uniform national framework, regulation remained fragmented, with states taking sharply different approaches and courts often jousting over the *skill versus chance* debate. This regulatory ambiguity was ended by the notification of the PROGA.





INTRODUCTION

In [Part I](#) of this explainer series, we examined this new framework: the challenges that prefaced the Act, the legislative intent, and the constitutional, federal & economic concerns that the framework raises. The new paradigm chucks the *skill versus chance* debate entirely and imposes a blanket prohibition on all forms of ‘*online money games*’, regardless of where they fall on the erstwhile skill-chance spectrum. Simultaneously, the Act recognises and promotes ‘*e-sports*’ and ‘*online social games*’, signalling the state’s intent to encourage forms of gaming which do not involve monetary stakes.

While the Act continues to be the centre of much debate and judicial scrutiny, it must be mentioned that it is now the settled position of gaming law in India. Beyond courtroom discussions, what matters now is not what the Act prohibits, or its substantive validity, but rather how the updated industry will be regulated.





AKSHAY JAIN
CEO, VINFOTECH

"The Draft Promotion and Regulation of Online Gaming Rules, 2025, were an important step since many unregulated and illegal operators were misusing the absence of a clear framework. Bringing order to this space was necessary for both consumer safety and industry credibility.

However, the approach risks discouraging innovation and affecting legitimate companies that have been building responsible gaming platforms. A complete prohibition may solve one problem but creates another by pushing away talent, investment, and creativity from a growing digital sector.

If the framework is reconsidered, it should focus on establishing a transparent licensing system managed by a central authority. This should not only regulate who can operate but also ensure that rules for responsible gaming, data privacy, and player protection are strictly followed. Such a balanced system would help India build a safe, transparent, and globally respected online gaming ecosystem."



The Draft Rules attempt to operationalise the Act's broad mandates. They set out procedures for registration, oversight and grievance redressal. Importantly, the rules also establish the Online Gaming Authority of India ("**OGAI**") as the central umpire. The second part of the explainer turns to these Rules, to see whether they offer clarity and coherence or add uncertainty to an already disrupted sector.

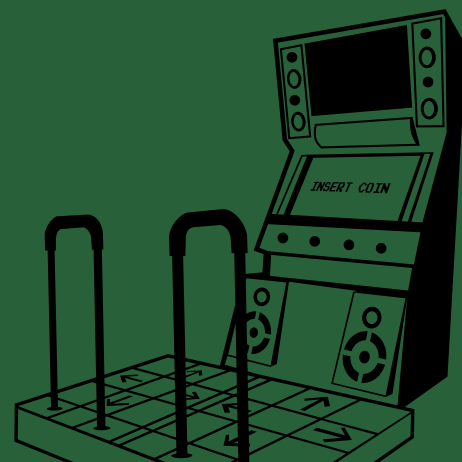
It must be noted that the Draft Rules do not reflect the exhaustive regulation of this sector and crucial aspects of regulating both *e-sports* and *online social games* are left up to the Ministry of Youth Affairs and Sports ("**MYAS**") and Ministry of Information and Broadcasting ("**MIB**") respectively, acting in concert with the OGAI. More on that later.

The Rules do away with fragmented oversight and post-facto judicial scrutiny and put in place a model of continuous regulation.

The intent behind creating an all-powerful regulator is to offer clarity to all the stakeholders. However, the structure and procedures leave a lot to be desired.

A central concern is the classification of games. The OGAI retains the power to determine the nature of all games on a *suo moto* basis. However, the parameters for such determination have not been exhaustively provided, with the Authority being permitted to rely on "*other relevant factors*" as an open-ended qualifier.

Without any meaningful precedents, and the skill-chance jurisprudence being redundant, developers now find themselves blindsided as to the specific requirements they must comply with. This could especially handicap newer players exploring hybrid game and monetisation models, impeding innovation in a sector defined by dynamic and creative design.





DR. DEBORSHI BARAT
HEAD – PUBLIC POLICY &
KNOWLEDGE MANAGEMENT,
S&R ASSOCIATES

“As the regulator, the Online Gaming Authority (OGAI) has powers of registration, classification, and grievance redressal under the draft rules. Such regulatory consolidation could bring clarity and consistency in a sector that has been historically fragmented across state laws and judicial interpretations. For instance, the OGAI has been authorized to make determinations of online money games based on certain prescribed criteria. However, the draft rules also involve the MYAS and the MIB as the nodal ministry for the recognition, promotion, and/or development of e-sports and online social games, respectively, while residual provisions will be administered by the MeitY. If the OGAI is housed within the MeitY while being required to coordinate with other ministries, the original intent of centralized decision-making could be compromised. While social gaming companies may face overlapping regulatory scrutiny, raising the risk of inconsistent oversight or turf battles, e-sports will be registered by the OGAI based on proof of recognition under the National Sports Governance Act, 2025, increasing regulatory complexity and compliance costs. Lastly, if every new type of game or hybrid format requires classification, the OGAI risks becoming a licensing authority rather than a facilitator.”



I GOT NEW (DRAFT) RULES, I COUNT ‘EM!

Freemium games, cosmetic purchases, season passes, and competitive events with entry fees are common features of modern games. Under the Rules, even if a game is initially classified as an online *social game* or *e-sport*, subsequent updates (features and revenue models) may be treated as a “*material change*”. Under the Rules “*material change*” could refer to *any* change which could “*reasonably*” change the nature of the game or change the revenue model employed. Developers are required to intimate the Authority in all such cases as part of the continuous oversight by the Authority.

Registration, therefore, is not a one-time clearance. It is merely a conditional status, subject to reassessment. For developers, this creates a continuous classification risk that did not exist in the previous, more permissive regime. The writers find it imperative to once again highlight the volume and frequency of updates games receive. Such a nebulous threshold determining disclosure obligations and attracting possible reassessment creates significant compliance issues. Not only does this make compliance harder, it also risks impeding the sector’s growth and could drive customers to use and promote bootleg gaming platforms.

The Rules also do not specify what forms of monetisation are permissible, nor do they clarify what in-game features can be treated as “*equivalent or convertible*” to money. Compliance then becomes less about following prescribed standards and more about anticipating the Authority’s response. While this could allow the new framework to adapt to newer models and remain dynamic in its approach, it unfairly disadvantages smaller developers who may lack the resources to continuously register and restructure.



CLASSIFICATION & OVERLAPS

The draft rules clarify that e-sports must register with the OGAI and obtain recognition under the National Sports Governance Act, 2025 ("**NSGA**"), but registration of online social games is voluntary. This creates an uneven compliance burden where e-sports face dual oversight from OGAI and NSGA whereas social games can opt out of formal registration.

The same compliance burden to every game may overwhelm smaller studios since community or low-revenue games would be subject to the same detailed registration and reporting requirements as major titles. The requirement of a monetary threshold or a turnover requirement based on the number of downloads was expected from the Rules, which failed to clarify the same.

The games that fall out of both the categories, i.e, the games that are both a social game and an e-sport, especially experimental or community-based models that don't fit neatly into existing boxes may be left in limbo, raising concerns among investors and indie studios about compliance burdens.

In effect, PROGA's combination of mandatory e-sports certification (under both the NSGA and OGAI) and voluntary social-game registration means the largest titles may face heavy oversight while casual game producers operate with minimal regulatory friction. Thus, this is a key point of overlap: e-sports developers must navigate both the new Gaming Authority and existing sports governance, whereas social game developers essentially fall outside the formal scheme.



SARTHAK DOSHI
PRINCIPAL ASSOCIATE AT
SHARDUL AMARCHAND
MANGALDAS AND CO.



“The PROG Rules ensure that relevant Union Ministries continue having ambit over their respective subject matters in line with the Government of India (Allocation of Business) Rules 1961. However, some overlaps like both the MIB as well as the OGA having powers to issue guidelines and code of practice for online social games may give rise to potential conflict. Ideally, any content or age rating guidelines should be aligned with international standards like PEGI or IARC, to ensure that indigenous games are not pressed to customize their games differently based on their target geographies. Similarly, while MYAS is overall administering esports, the need for esports to go through a separate registration process before the OGA over and above the process under the National Sports Governance Act seems excessive. Lastly, it is appreciable that “online social games” do not require mandatory registration and operators are safeguarded from spending additional time, cost, and operational overhead in this regard. Although it remains to be seen if service providers like advertisers, application stores, etc. would make registration with OGA a contractual pre-requirement to provide their services to operators of online social games.”

OGAI: ONE SIZE FITS ALL?

The Draft Rules operationalise the OGAI as the central regulatory institution responsible for classification, registration, enforcement, and grievance redressal for online games. Part III of the Draft Rules establishes the OGAI as a statutory corporate body with quasi-judicial powers, including powers akin to a civil court for summoning individuals, calling for records, and conducting inquiries. While this consolidation seeks to bring coherence to a fragmented regulatory space, the institutional architecture of the OGAI under the Draft Rules raises several administrative concerns.

First, the composition of the OGAI reflects a multi-ministerial governance model, with ex-officio members drawn from MeitY, MIB, MYAS, and other departments. This risks diffusing regulatory accountability. Under the Draft Rules, MIB continues to issue guidelines on categorisation and age-appropriateness for online social games, while MYAS remains responsible for recognition and promotion of e-sports.

Simultaneously, the OGAI is empowered to register both categories of games and determine whether a game qualifies as a prohibited online money game. This overlapping mandate creates the possibility of regulatory duplication and inter-departmental friction, particularly where content classification, age ratings, or promotional guidelines issued by one ministry influence the OGAI's registration determinations.



OGAI: ONE SIZE FITS ALL?

Second, the ambit of functions assigned to the OGAI is exceptionally wide for a newly constituted authority. The OGAI is tasked with:

- ☒ **Determining whether a game constitutes an online money game**
- ☒ **Processing applications for registration of e-sports and online social games**
- ☒ **Maintaining national digital registries**
- ☒ **Enforcing compliance and imposing penalties**
- ☒ **Acting as the final adjudicatory authority in the grievance redressal chain**

The concentration of regulatory, adjudicatory, and enforcement functions may strain the capacity of the body, leading to inevitable delays despite the time-bound registration framework. Without clear internal delegation, the OGAI risks becoming a bottleneck to the procedure laid down. This may further cause delays in a fast-paced digital market.

OGAI: ONE SIZE FITS ALL?

Third, the rules retain the centralised appellate structure, wherein appeals against OGAI shall lie to an appellate authority which may be an executive body than an independent tribunal as mentioned in the [Explanatory Note](#) to the Draft Rules. The issue of regulatory independence arises here especially where classification or prohibition decisions have significant commercial consequences for developers and platforms.



Finally, the rule lacks clarity on operational safeguards such as transparent publication of decisions, standardised classification criteria beyond high-level factors, or public consultation mechanisms. In the absence of these, the OGAI's discretion-heavy role may result in inconsistent outcomes across similar games, undermining regulatory certainty.

RAVI GOYAL
PARTNER, SCRIBOARD



"The draft PROGA Rules 2025 are certainly a welcome and positive first step, providing much-needed clarity and guidance for compliance with an Act that took the gaming industry by surprise.

The Act itself, together with the draft Rules that outline the categorisation between 'e-sports' and 'online social games' and define the powers and functions of the Online Gaming Authority of India, marks an important shift in how online games will be governed in the country going forward.

This being said, it would be good to see that, based on public and stakeholder feedback, the Rules are further updated to address certain emerging issues. For instance, while e-sports requires mandatory registration, online social games do not. This disparity creates an uneven playing field, giving some entities an additional compliance burden while leaving others relatively unregulated. Such an approach could invariably lead to unreasonable competition and discourage new entrants, particularly first-time developers who may find the compliance process disproportionately complex and costly.

There is also uncertainty regarding the practical functioning of the proposed Authority. While it has been entrusted with a wide range of responsibilities, there is a distinct possibility that, similar to several other such bodies, this Authority may also, unfortunately, face challenges arising from limited administrative capacity to efficiently process registrations, manage grievances, and enforce compliance. This could easily turn it into a regulatory bottleneck, delaying game launches in an industry where player preferences and top-trending lists may change every few weeks. While a ninety-day registration timeline has been provided, a reduced timeline can be considered to ensure that regulatory processes remain efficient and do not stifle industry growth. Furthermore, the appellate authority under the Act should be reconsidered. At present, appeals lie with the Secretary, MeitY. It would be more appropriate and institutionally sound to identify an existing Tribunal as the Appellate Authority instead.

All in all, the Rules are a step forward. Together, the Act and the draft Rules mark a defining phase for this evolving and dynamic industry, and I hope that a balance can be achieved between regulation and innovation"



LEXTech

EXECUTIVE REGULATORS AND WHAT THE DRAFT RULES OMIT: A COMPARISON

A comparison with established gaming regulators across the world like that of the United Kingdom, Singapore and Canada highlights the strengths and gaps in the OGAI’s design under the Draft rules.

UNITED KINGDOM



The United Kingdom Gambling Commission (“**UKGC**”) operates as an independent, single-purpose regulator with a clearly defined licensing mandate. Unlike the OGAI’s multi-ministerial structure, the UKGC exercises unified control over licensing, compliance, enforcement, and consumer protection, supported by detailed sector-specific guidance and public consultation processes. Crucially, licensing decisions are transparent, risk-based, and published, ensuring predictability for operators. The Draft Rules, by contrast, do not mandate publication of OGAI determinations or establish differentiated compliance tracks based on game scale or risk.

SINGAPORE



The Gambling Regulatory Authority (“**GRA**”) was created by consolidating fragmented oversight into a single statutory body. The GRA employs a tiered regulatory approach, including class licensing for low-risk activities, which allows lighter-touch regulation without sacrificing consumer protection. The Draft Rules do not currently provide for such regulatory gradation. Instead, all registerable games, particularly e-sports, are subjected to the same procedural framework, regardless of scale or commercial impact, increasing compliance costs for smaller developers.

ONTARIO, CANADA



Regulatory functions are clearly separated between the Alcohol and Gaming Commission of Ontario (licensing and enforcement) and iGaming Ontario (market operation and contractual oversight). This separation reduces institutional overload and allows regulators to focus on core compliance functions. The Draft Rules place all comparable responsibilities such as registration, enforcement, grievance resolution within the OGAI, without a parallel administrative or technical body to absorb operational complexity. This structure also transcends the laws on delegation of power, by combining all the powers into the potentially overburdened OGAI.

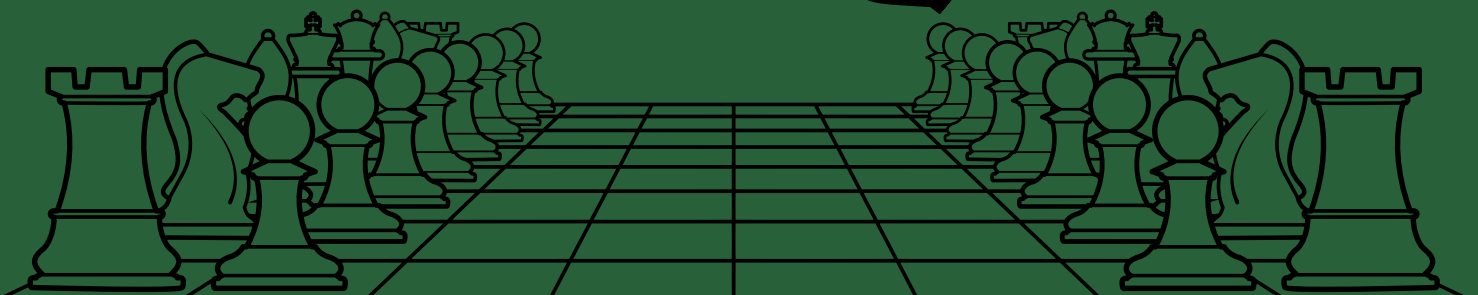
EXECUTIVE REGULATORS AND WHAT THE DRAFT RULES OMIT: A COMPARISON

From an executive design perspective, these jurisdictions share three features largely absent from the Draft Rules:

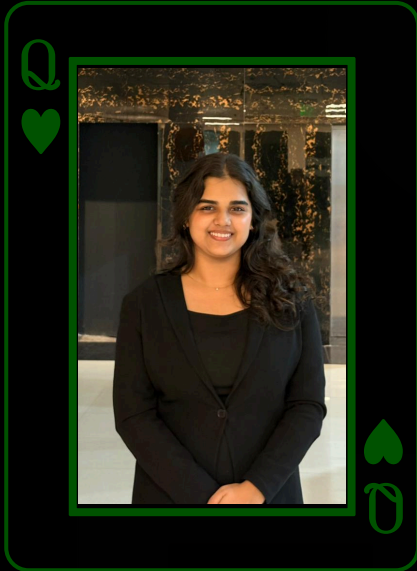
- Clear internal specialisation within the regulator,
- Risk-based or tiered regulatory pathways involving gradation on the basis of financial or user-based output, and
- Institutional transparency through published decisions and stakeholder consultation.

The Draft PROG Rules aim to operationalise one of the biggest regulatory overhauls and usher in a model of continuous regulation and wide executive discretion. While the intent to bring certainty to a fragmented sector can be discerned, the Rules might substitute one form of ambiguity for another. It remains to be seen if subsequent regulation and ministerial rules will overcome the deficiencies of the new framework. Wide discretionary powers, unqualified parameters, ambiguous monetisation models, regulatory overlaps, and more importantly regulatory gaps define the new framework.

Amid a lack of transitional provisions and a flurry of judicial challenges to the new framework, the impact on the sector remains to be seen. Stakeholders, small and big, find themselves equally lost due to the great leveller that is the PROGA framework. To them we say - may the odds be ever in your favour!



CONTRIBUTORS



ANJALI PANDE



PRATYUSH SINGH



MAITHILI DUBEY

**LEXTECH-CENTRE FOR LAW,
ENTREPRENEURSHIP AND INNOVATION**

