
Promotion and Regulation of Online Gaming Draft Rules, 2025.

Introduction

India has the second largest gaming market in the world following China with roughly around 488 million gamers in India. As of 2024, the industry was valued at ₹35,000 crores with real money gaming contributing up to 84-86% of its total revenue.¹ Even with its immense scope, regulations regarding online gaming have remained confined to the state level laws with a lot of ambiguity and overlap. The central government by enacting The Promotion and Regulation of Online Gaming Act, 2025 (PROG Act) aimed at shielding its citizens from ‘online money games’, while promoting and regulating e-sport and online social games. Subsequently, Ministry of Electronics and Information Technology (MeITY) released the Promotion and Regulation of Online Gaming Draft Rules, 2025 to help implement the Act.

Need for a comprehensive law

The requirement for such as Act is eminent with the World health organization (WHO) classifying gaming disorder as a health condition in its International Classification of Diseases, “describing it as a pattern of play marked by loss of control, neglect of other daily activities, and persistence despite harmful consequence”². Besides being recognized as a health disorder, addiction and financial ruin has been a leading cause for suicide among the youth. Tamil Nadu has witnessed reports of 47 suicides linked to gaming addiction over the past 5 years.³ Further, many of these online money games raise concerns regarding their usage to launder money, finance for terror activities or even transmit illegal messages that threaten national security. Thus, by bringing the Act, the government aimed to close legal loop holes caused by state-to-state governance and encourage healthy digital engagement. This Act was duly enacted as on 22nd August, 2025. Thereby, shifting the existing jurisprudence of game of chance v.

¹ Maheshwari & Co, ‘Online Gaming Rules 2025: Key Highlights & Impact’ (16 October 2025) <https://www.maheshwariandco.com/blog/online-gaming-rules-2025-key-highlights-impact/> accessed 5 January 2026.

² Press Information Bureau, ‘Introduction of Draft Promotion and Regulation of Online Gaming Rules, 2025’ (Press Release, 24 October 2025) <https://www.pib.gov.in/PressNoteDetails.aspx?NoteId=155075&ModuleId=3®=3&lang=2> accessed 5 January 2026.

³ Id 1

games or skill as decided in *State of Bombay v. R.M.D. Chamarbaugwala* (1957)⁴, to monetary and non-monetary classification of online games.

The Act creates an Online Gaming Authority of India (OGAI), to govern the registration, compliance, redressal and enforcement of E-sports and online social games. Subsequently, formed under section 9 of the Act, The Promotion and Regulation of Online Gaming Rules, 2025 was released. It contains 8 parts and lays down a comprehensive regulatory and promotion framework for governance over online gaming in India.

Overview of Draft Rules and Key developments

Section 5 of the Draft Rules lays down that the central authority for all matters pertaining to online gaming is Online Gaming Authority of India (OGAI). It is a statutory body corporate with powers of a civil court under Code of Civil Procedure, 1908. Sub-section 5 (4) empowers it to sending out summons under oath but not requiring physical presence of any individual⁵. Section 6 of the draft rules provides the Composition and qualifications for appointment of Chairperson and Members. All proceedings under the authority are “deemed judicial proceedings under the *Bhartiya Nyaya Sanhita, 2023*”⁶. The Rules establish 3 distinct categories of online games, which are namely, E-sports, Online Social games and Online Money games. Besides being governed by OGAI, Ministry of Youth Affairs and Sports (MYAS) regulates and promotes E-sports whereas Ministry of Information and Broadcasting (MIB) regulates and promotes online social games. Section 13(1) of the draft rules provide 4 distinct criteria for classification of a game as an online money game. Beyond that OGAI under sub section 13(e) has the power to include any further factor in classification of a game as an online money game.

The Rules further state, that a E-sport needs to be recognized under the National Sport Governance Act, 2025 initially, to be subsequently recognize by OGAI. But the online social games have no such requirement for registration. On registration, section 16 (2), allows for issue of certificate of registration which is valid for a period of five years from date of issue.

⁴ Sudhanshu Kumar, Aditi Pangotra and Harsha N, ‘Skill or chance: Will the Supreme Court strike down the Real Money Gaming ban?’ (*Supreme Court Observer*, 25 October 2025) <https://www.scobserver.in/journal/skill-or-chance-will-the-supreme-court-strike-down-the-real-money-gaming-ban/> accessed 5 January 2026

⁵ Promotion and Regulation of Online Gaming Rules 2025, s 5(4)

⁶ Id 1

Part VI of the Rules provide the process of imposing a penalty for non-compliance under section 12 of the PROG Act. The authority may either take *Suo-motto* cognizance of an issue or act on a compliant.

In case of non-compliance, the Authority may impose a penalty, suspend or cancel the registration, or prohibit the game⁷. Furthermore, the Act also provides for a 3 tiered grievance redressal mechanism with initial appeal to registered online game service provider's internal mechanism, secondly to Grievance Appellate Committee (established under rule 3A of the IT Intermediary Rules, 2021) and then finally to the Appellate Authority (OGAI). Lastly, Part VIII has miscellaneous clauses such as mandate to the Authority to annually report its activities to the Central government and other requirements.

Issues or concerns raised along with the draft rules

On 2nd October 2025, MeITY released The Draft Rules on their website for public comments up to 31st October 2025. A few notable contentions raised by Esya Centre; a technology policy think tank are listed below.

Rule 2(1) (i) defines “online game service provider” too broadly by including online store fronts (Google play store) beyond developers. The broad definition places an excessive burden on such store fronts to establish grievance redressal mechanisms and inform OGAI of material changes, when their access to information is limited unlike developers. Thus, having a wide definition stifles innovation and development. Subsequently, the overlap among the powers of OGAI, MeITY, MYAS and MIB could lead to uncertainty as they may each come out with their own different regulations inconsistent with the guidelines provided by others. Further, situations may arise where classifying a game as strictly an E-sport or an online social game is difficult. Thus, creating ambiguity on who would be the governing body MYAS or MIB.

The composition of member as provided under the Section 6 of the Rules include senior bureaucrats who lack expertise on niche matter such as monetization models of games and may misclassify them as ‘online money games’ leading to their shut down and thereby stifle growth in the dynamic online gaming industry. This may put Indian companies at a back foot compared to foreign companies whose regulations are managed by distinguished officials in business and representative of industry stakeholders. There is also a threat of conflict of interest as the

⁷ Ministry of Electronics and Information Technology, ‘Draft Promotion and Regulation of Online Gaming Rules, 2025’ (Government of India 2025) <https://www.meity.gov.in/static/uploads/2025/10/85fbcf755d765740d9552694bf34fa02.pdf> accessed 5 January 2026.

Appellate authority is the Secretary of MeITY, who is also the Chairperson of OGAI. Further rule 11, violates the separation of powers thesis, a part of “the basic structure doctrine. “The Draft Rules effectively vest MeITY with both administrative and judicial functions.⁸” Thus, despite addressing several key concerns regarding Online Gaming, the Rules do overlook a few key considerations. The public consultation process is a positive step toward balancing industry concerns and gamer welfare.

Conclusion

The introduction of the new regulation led to a significant decline in share price for several listed gaming companies. Nazara Technologies fell over 10% to ₹1,253 and Delta Corp registered a fall to ₹86.61, a 6.75% fall in prices on the day of the bill’s introduction”⁹. The market reaction shows the immense economic implication of such regulation. But such an enactment is imperative to prevent misuse of digital platform and protection of rights of citizens. The government’s insistence to go forward with it, despite losing considerable amounts of tax revenue shows how it prioritizes the people interest over short term financial gains. With certain modification to Rules based on the public comments, the Rules can provide a comprehensive framework for governance which enables the growth of a healthy digital market for online gaming in India.

⁸ Esya Centre, ‘Response to the Draft Promotion and Regulation of Online Gaming Rules, 2025’ (3 November 2025) <https://www.esyacentre.org/documents/2025/11/03/response-to-the-draft-promotion-and-regulation-of-online-gaming-rules-2025> accessed 5 January 2026.

⁹ Ibid 1