

2. Online Gaming – Polity

The Ministry of Electronics and IT (MeitY) has released draft rules for online gaming.

Promotion and Regulation of Online Gaming (PROG) Act, 2025

Overview and Purpose – The Promotion and Regulation of Online Gaming (PROG) Act, 2025 seeks to establish a comprehensive national-level legal framework for the regulation, registration, and monitoring of online gaming activities in India. It aims to strike a balance between promoting ethical and skill-based gaming and curbing gambling, addiction, and financial exploitation arising from Real Money Gaming (RMG) platforms. The law marks India's first attempt to create a centralised regulatory structure for online gaming, addressing inconsistencies in state-level gaming laws. It intends to operationalise and enforce responsible gaming standards, ensuring safety, transparency, and accountability within the online gaming ecosystem.

Policy Context and Rationale

Need for a Central Law – Until now, online gaming was governed by fragmented state-level legislations on gambling and betting, leading to regulatory ambiguity and uneven enforcement. The rapid rise of online RMG platforms such as poker, rummy, and fantasy sports led to increasing instances of financial losses, addiction, and misleading advertisements targeting youth. The new Act seeks to harmonise national policy by creating a single framework under the Ministry of Electronics and Information Technology (MeitY), ensuring consistent standards across states.

Alignment with Digital India Vision – The Act aligns with the Digital India and Safe Online Ecosystem initiatives, aiming to promote responsible innovation in online entertainment while safeguarding public interest. It ensures compliance with Information Technology Act, 2000, and IT (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

Key Features and Major Provisions

Ban on Real Money Gaming (RMG) – The Act prohibits all forms of online real money gaming, including poker, rummy, fantasy sports, and betting, which involve monetary stakes or wagering. It allows only social games and e-sports, defined as games meant purely for recreation, education, or skill development, without any financial stakes.

Institutional Framework

Online Gaming Authority of India (OGAI) – The Act mandates the establishment of the Online Gaming Authority of India (OGAI) as the central regulatory body for the online gaming sector. The Authority is envisioned as an independent, quasi-judicial regulator with powers to adjudicate disputes, register games, and enforce compliance.

Composition – The OGAI will consist of a Chairperson and five Members, nominated from key ministries including –

1. MeitY (Nodal Ministry)
2. Ministry of Youth Affairs and Sports
3. Ministry of Information & Broadcasting (I&B)
4. Ministry of Home Affairs (MHA)
5. Ministry of Finance (Department of Revenue)

Powers and Functions

Registration and Certification – Approves and certifies all online games permitted under the Act.

Classification of Games – Determines whether a game qualifies as an “online money game” or a “social/e-sport game.”

Enforcement – Can summon individuals, examine documents, collect evidence, and issue binding orders.

Penalties – Imposes fines, suspensions, or cancellation of registration if a game transitions into betting or wagering.

Advisory Role – Recommends policy reforms, standard operating procedures (SOPs), and ethical

guidelines for online gaming operators.

Scope and Coverage of the Act – The Act covers all forms of online money games, irrespective of whether the platform is based in India or abroad but accessible within Indian territory. It extends to mobile applications, gaming websites, and online platforms offering real-time or asynchronous play. It excludes offline gaming activities and traditional sports conducted physically.

Regulatory and Registration Mechanisms

Compulsory Registration – Both e-sports and social gaming platforms are required to register with the OGAI before commencing operations. A certificate of registration will be valid for up to five years and renewable subject to compliance checks.

Disclosure Requirements

Companies must disclose – Revenue model and sources of income. User protection mechanisms, including parental controls and age-verification systems. Proof that revenue originates from advertisements, subscriptions, or access fees, not from bets or stakes. Details of content moderation policies and anti-addiction features.

Penalties and Offences

Criminal and Civil Liabilities – Offering or operating online money gaming services – Punishable with imprisonment up to 3 years and fine up to ₹1 crore.

Advertising or promoting RMG platforms – Punishable with imprisonment up to 2 years and fine up to ₹50 lakh.

Non-bailable Offences – Violations are categorised as non-bailable, and the entire management or staff facilitating such offences may be held liable.

Penalty Determination

Penalty quantum depends on –

1. Financial gains from the violation.
2. Losses to users or public interest.
3. Repetition or severity of the offence.

Grievance Redressal Framework

Three-Tier Mechanism

Tier 1 – Internal Mechanism – Each gaming company must maintain an in-house grievance redressal officer to address user complaints within a prescribed time.

Tier 2 – Grievance Appellate Committee (GAC) – Established under the IT Rules, 2021, to hear appeals against unresolved complaints.

Tier 3 – Online Gaming Authority of India (OGAI) – Acts as the final appellate authority, ensuring compliance and consumer protection.

Inter-Ministerial Roles and Coordination

Ministry of Electronics and Information Technology (MeitY) – Serves as the nodal ministry for overall regulation, policy direction, and coordination.

Ministry of Youth Affairs and Sports – Responsible for overseeing e-sports and ensuring that competitive gaming aligns with sports promotion and youth engagement policies.

Ministry of Information & Broadcasting (I&B) – Regulates social games and issues codes of practice for classifying games as recreational, educational, or skill-based. Oversees advertising standards, preventing misleading or predatory promotions.

Ministry of Home Affairs (MHA) – Assists in enforcement against illegal betting and money laundering.

Ministry of Finance (Department of Revenue) – Monitors financial compliance, taxation, and prevention of illegal fund transfers.

Significance of the Act

National-Level Legal Framework – Establishes India's first unified and national regulatory mechanism for online gaming, replacing fragmented state gambling laws. Provides legal certainty to developers, investors, and users regarding permissible gaming formats.

Youth and Consumer Protection – Designed to protect youth and vulnerable populations from manipulative RMG platforms that promise false monetary returns. Enforces ethical gameplay standards, transparent reward systems, and mandatory disclosure of financial models. Introduces age and identity verification mechanisms to prevent underage gaming and addiction.

Encouraging Responsible Digital Entertainment – Promotes e-sports and social gaming as legitimate industries contributing to innovation, education, and employment. Encourages responsible and skill-based gaming ecosystems, integrating mental health safeguards and fair play standards.

Broader Implications and Challenges

Positive Impacts – Could significantly reduce the prevalence of illegal betting, online gambling, and fraudulent gaming apps. Strengthens consumer confidence in legitimate gaming platforms. Boosts domestic game development aligned with ethical and educational objectives.

Implementation Challenges – Ensuring inter-ministerial coordination may be complex given overlapping jurisdictions. Defining the boundary between “skill-based” and “money-based” games may remain legally contentious. Need for technological surveillance mechanisms to identify and block unregistered or foreign gaming apps. Balancing innovation incentives with strict regulatory oversight will be critical for long-term sustainability.

Conclusion

The PROG Act, 2025 marks a major policy milestone in India's digital governance framework. It combines consumer protection, youth welfare, and digital economy regulation, establishing a responsible gaming environment. By prohibiting real money gaming while promoting skill-oriented e-sports and social games, the Act reflects a shift towards ethical digital recreation. It is expected to serve as a model regulatory framework for emerging economies grappling with similar challenges of digital gambling, youth vulnerability, and platform accountability.

Source - <https://www.newsonair.gov.in/government-invites-public-feedback-on-draft-promotion-and-regulation-of-online-gaming-rules-2025/>

