

A Mixed Bag: The PROGA Rules and What's Next for E-Sport and Social Games

The latest chapter in the regulatory and legislative saga surrounding the promotion and regulation of online games in India dropped late Thursday evening in the form of [draft rules](#) (**Rules**) under the Promotion and Regulation of Online Gaming Act (**PROGA or the Act**).

Unlike the Act itself, which was passed without prior public consultation (as we analysed earlier [here](#)), the Rules are currently in draft form and open to stakeholder comments until October 31, 2025.

While the consultative approach, and the generally facilitative, time-bound and enabling tone of the Rules is encouraging, there remain several avenues for improvement that will hopefully be addressed through the consultation process. In Part One of this update, we summarise the current structure of the Rules, and in Part Two we highlight items which may prove to be clarified and improved through the consultation process.

PART I

1. Summary of the Rules

The Authority: The Online Gaming Authority of India, to be chaired by an Additional Secretary from the Ministry of Electronics and Information Technology (**MEITY**), with members representing the Ministry of Information and Broadcasting (**MIB**), Ministry of Youth Affairs and Sports (**MYAS**), and Ministry of Financial Services (**MYAS**), will serve as the central regulator for online gaming.

The key powers and functions of the Authority (which will have the powers of a civil court to summon evidence, etc.) include:



- a. Determining (either based on an application, or by taking suo moto cognizance) whether an online game is an online money game;
- b. Maintaining and publishing the National Online Social Games and E-Sports Registry, along with a list of games determined as online money games (restricted), E-Sports and Social Games;
- c. Inquiring into user complaints and grievances relating to the online games to the extent not resolved by the Grievance Redressal Committee;
- d. Issuing orders, directions, guidelines to those offering, advertising, or authorizing funds relating to any online game; and
- e. Canceling, or suspending registrations of online games and imposing penalties for non-compliance with any direction or order issued.

Appeals from the decisions of the Authority lies with Secretary, MEITY.

2. Registration of Esports and Online Social Games

Game Type	Application Details	Determination Requirements	Timelines for Registration	Material Change Notification
E-Sports	Application to include: (a) Name and contact details, (b) Description of game, (c) Category of game, (d) Age group, (e) Revenue model, (f) User safety features, (g) Internal grievance redressal mechanism, (h) An undertaking that no prohibited activity undertaken, and (i) Any other details as the Authority may deem necessary.	(a) Determination if an online game qualifies as an e-sport will be done by the Authority along with the MYAS. (b) Upon satisfaction that the online game qualifies as an e-sport, it will be required to first obtain recognition under the National Sports Governance Act, 2025 (NSGA).	(a) Post submitting proof of recognition as an e-sport under the NSGA, for a period not exceeding 90 days from date of submission of the application, the Authority will register the online game. (b) Time taken to obtain recognition under NSGA will be excluded from this timeline.	(a) Any time after receiving the certificate of registration, if there is a material change to the registered e-sport or change in status of recognition of such e-sport under the NSGA, the Authority needs to be informed.
Online Social Games		(a) Authority shall assess if the online game qualifies as an online social game.	(a) Registration will take place within a period not exceeding 90 days from date of submission of the application.	(a) Any time after receiving the certificate of registration, if there is a material change to the registered online social game, the Authority needs to be informed.

Determination of an online game as an online money game or otherwise:

The Authority may *suo moto* or basis of an application made by an online game service provider (specified in the table above), determine if the online game is an online money game or otherwise. The following parameters shall be considered:

- a. Stake/Wager Element: Whether the online game involves money or other stakes (as fees, deposits, making purchases during game play) and such money is in the nature of a stake or wager;
- b. Payment as Consideration: Whether payment of fees/deposits made by users is used as consideration for participation or as a stake/wager or consideration for winnings;
- c. Deposit Requirements: Whether participation in the online game is contingent on a prior deposit of money or other stakes;
- d. Monetary Winnings: Whether the online game provides winnings, rewards, or payouts in form of money or other enrichment, which is redeemable, convertible or can be encashed as money at any point;
- e. Catch-all: other relevant factors that the Authority may deem necessary to consider.

Certificate of Registration:

- a. Upon registration of the e-sport or the online social game, Authority may issue a certificate of registration to the online game service provider with a unique registration number in relation to such game.
- b. The certificate may be valid for a maximum of 5 (five) years, unless surrendered, suspended, or cancelled earlier.
- c. The certificate can be cancelled or suspended after following due process and inquiry for reasons like a game becoming an online money game, repeated violations, or making false statements in the application.

Grievance Redressal:

Every online game service provider (anyone offering, operating, organizing or making available online game(s)) is required to establish internal user grievance mechanisms, with escalations to the Grievance Appellate Committee (established under rule 3A of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (**IT Rules**)). It is unclear whether a separate Grievance Appellate Committee will be established for gaming grievances.

Penalties:

The Authority may initiate inquiries into non-compliance (*suo moto* or on complaint), conduct hearings, and, decide each complaint within 90 (ninety) days, with penalties (monetary fine, suspension/cancellation of registration, or prohibiting the game) calibrated based on factors including unfair advantage gained, user harm, loss caused, the repetitive or grave nature of the breach, proportionality of sanction, and whether corrective measures were attempted.

Repayment Safe Harbors:

User funds collected before commencement of the Act, if refundable, are required to be returned. Banks and financial intermediaries may facilitate this repayment, within 180 (one hundred and eighty) days from enforcement of the Act.

PART II

3. Clarifications and Opportunities

Definitional Issues:

Under the Rules, material obligations are imposed on online game service providers. While this term should necessarily cover entities that operate or organise online games, problematically the Rules define the term to include entities which merely “make available” online games (e.g., Playstore, Appstore, etc.)

Besides making the Rules fragile to the extent they go beyond the remit of the Act, these risks extending obligations such as registration and grievance redressal to platforms that only host or distribute online games,

rather than the actual developer or operator. It will be important to limit obligations only to operators in the final rules.

Further, Rule 13 provides an indicative list of criteria which the Authority may consider entirely or in part, to determine if an online game is an online money game or otherwise. Rule 13(c) specifically appears to empower the Authority to classify an online game as an ‘online money game’ where participation is conditioned or contingent on a monetary deposit or other stakes. On a plain reading, this Rule could capture paid versions of games with no winnings, risking their misclassification as restricted online money games. Clarity here is essential to exclude mere pay-to-play formats from such scrutiny.

Institutional Design:

A material improvement would be greater industry involvement in governance. It was perhaps understandable that consultation on the Act itself was limited, since its object was to restrict a large swathe of formats. But the Rules regulate permitted formats, and yet the composition of the Authority consists entirely of representatives of relevant ministries.

This is at odds with other precedents:

- a. The IT Rules recognised that gaming is an emerging sector where industry knowledge is relevant, and thus adopted a co-regulatory framework.
- b. The NSGA, which applies to e-sports, mandates representation from athletes of outstanding merit.

The absence of any such representation here – particularly from players in a body that will register, manage, and adjudicate e-sports – represents an opportunity.

Appellate Structure:

The Rules do not provide for meaningful external oversight:

- a. Appeals from the Authority (which includes members of MEITY) lie back to the Appellate Authority (i.e., Secretary to Government of India in the MEITY), rather than to a true appellate body (such as the TDSAT under the Digital Personal Data Protection Act).



- b. The Authority has adjudicatory and penal functions yet lacks judicial members.
- c. There is overlap between the grievance committee and the Authority, and no independent appellate path.

The current design will almost certainly leave the Rules fragile and create delays in implementation, further hampering ease of doing business. A better outcome may be achieved by limiting obvious structural deficiencies (as highlighted) in the interest of legislative and business certainty.

E-Sports:

The treatment of e-sports under the Rules is the grey.

Unlike online social games, all e-sports are required to be mandatorily recognised under the NSGA and registered under the Act. Unlike the Act, which recognised that an e-sport is essentially a competitive multiplayer format, the Rules appear to be unclear on whether a sport as a whole, or individual game format within it, or a league or tournament will be registered, and who will make and “own” such registration(s).

For example, would ‘Counter-Strike’ as a game be entitled to recognition? Thereafter, would each global “league” where it is played obtain a registration? If so, who would make the application? The league or the developer? As the recognition under the NSGA, would have significant consequences (designation of governing bodies, restrictions on representation, etc.), this is a material determination.

Further, given the broad definition of ‘online game service provider’, it is unclear who would bear the burden of registering each Counter Strike game format under the new Rules – the developer, or each organiser of the respective tournament.

Most formats are used across multiple tournaments by multiple organisers. Expecting one organiser to register and bear grievance-redressal obligations across the entire format is both onerous and impractical.

This is compounded by the Authority’s wide powers: it can take *suo moto* cognizance of formats, examine prejudicial practices, prescribe codes of conduct, and hear grievances.

Other Opportunities:

The Rules could also:

- a. Clarify the basis for exercise of coercive powers under the Act (such as warrantless searches or arrests), which could have insulated them against judicial challenge.
- b. Provide predictability and safe harbour for actions required after passage of the Act, such as refund processing. The 180-day timeline for refunds may prove short, making regulated entities (like banks) hesitate to make refund payments to players with balances on gaming platforms after that window.

Conclusion:

The Rules represent a welcome next step in implementing what was otherwise a deeply problematic piece of legislation. However, there is scope for improvement, in definitions, industry representation, adjudicatory structure, and treatment of e-sports. These improvements can and should be made through stakeholder consultation to better serve the stated object of the legislation: the promotion of permitted forms of online games.

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