Online Gaming in India Under PROGA 2025: How the Gaming Rules 2026 Actually Work

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PROGA 2025 and the May 2026 Rules now operate together. The framework is narrower than early commentary anticipated: a tightly drafted prohibition of online money games, a permissive regime for online social games, and a registration path for e-sports.

This is an executive summary. The full article includes detailed doctrinal analysis, case citations, interactive decision tools, and practical guidance. Read it at gaganlegal.com

The framework is now live

- The Act received Presidential assent on 22 August 2025, but its provisions were brought into force only by a separate Central Government notification dated 22 April 2026 (S.O. 1994(E)). The Rules of 2026 were notified the same day. Both the Act and the Rules came into force on 1 May 2026.
- The market did not wait. Major real-money rummy, poker and fantasy operators wound down their cash formats from late August 2025, on Presidential assent. Banks and payment intermediaries stopped permitting new deposits to real-money gaming platforms from the same period, while continuing to process withdrawals so that users could exit existing balances.
- By the time the Act and the Rules came into force, the commercial restructuring was already complete. The Rules of May 2026 do not redraw the commercial map; they put a digitally administered architecture around what the market had already absorbed.

Three categories, one prohibition

- Every online game must fit one of three statutory buckets: online money game (Section 2(1)(g)), online social game (Section 2(1)(i)), or e-sport (Section 2(1)(c)).
- Online money games are prohibited, irrespective of whether the game is based on skill, chance, or both. The 'irrespective of skill or chance' clause is the drafting move that ended the long-running State-versus-Centre debate over real-money fantasy sports, online rummy and online poker.
- Online social games are permitted with no general registration requirement. E-sports require recognition under the National Sports Governance Act, 2025 and registration with the Online Gaming Authority of India.

The money-in × money-out test under Section 2(1)(g)

- 'Money in' is the gating element. Read it broadly to capture direct fees, subscriptions in substance functioning as entry, virtual currency or in-game items purchased in a parent app and routed into a prize-bearing event, and any other indirect consideration. Section 2(1)(j)'s definition of 'other stakes' is the operative anti-avoidance lever.

- Where the user pays nothing in any form, money flowing out from advertisers or sponsors does not, by itself, engage Section 2(1)(g). Free-entry promotional draws, advertiser-funded reward contests, and sponsor-supported free-prize models remain permissible.
- The risk gradient on edge cases lives inside the prohibited cell, where the Authority can use Rule 9(d) (revenue model structure) and Rule 9(e) (external monetisation of rewards) to look past form. Probabilistic monetisation (loot boxes, gacha) sits cleanly within online social game territory only where dropped items have no external secondary-market value.

How the Online Gaming Authority works

- The Authority is constituted as an attached office of MeitY with the Additional Secretary, MeitY as ex officio Chairperson and five JS-level Members from MHA, DFS, MIB, Youth Affairs and Sports, and the Department of Legal Affairs.
- No general filing or registration for online games. The Authority's principal tools are suo motu determination (Rule 8(1)(a)) and registration on application (mandatory for e-sports under Rule 8(1)(b); for online social games only when the Central Government notifies a category under Rule 12(1)(a)).
- Determination follows a 90-day digital procedure under Rule 9 (five factors) and Rule 10. Two-tier grievance redressal: provider, then Authority within 30 days, then Appellate Authority (Secretary, MeitY). Civil penalties under Section 12 of up to Rs 10 lakh, plus suspension or cancellation of registration and prohibition from offering, facilitating or promoting the game.

Risk allocation across the value chain

- Operators of online money games: heaviest exposure under Sections 5 and 9 (up to 3 years imprisonment, Rs 1 crore fine), with Section 11 director-vicarious-liability and an express carve-out for independent and non-executive directors not in actual decision-making.
- Banks and payment intermediaries: Section 7 prohibition and Section 9(3) penalty (up to 3 years, Rs 1 crore). Rule 19(1) verification duty crystallises once the Authority's directions issue. Rule 19(2) imposes an immediate compliance duty on receipt of any Authority direction in respect of an online money game.
- Advertisers, ad agencies and influencers: Section 6 catches direct and indirect promotion (up to 2 years, Rs 50 lakh). Section 6 offences are not made cognizable and non-bailable.
- App stores, hosting providers, CDNs and marketing intermediaries: primarily Section 12 civil penalty exposure for non-compliance with Authority directions. Section 5 criminal exposure is residual, turning on standard mens rea for abetment under the Bharatiya Nyaya Sanhita; constructive knowledge from the Rule 26 published list narrows the defence.

BOTTOM LINE

For legitimate operators and the service providers around them, what was previously a question of legal exposure has become a question of compliance hygiene. The framework is digital-first, time-bound, defined in scope, and broadly proportionate. A constitutional challenge to PROGA is pending before the Supreme Court (transferred from Karnataka, Delhi and MP High Courts on legislative-competence and Article 19(1)(g) grounds). Compliance teams should plan for the framework as it stands, while watching the transferred matter as the principal source of structural risk.

For the full doctrinal analysis with case citations, interactive tools, and detailed practical guidance:

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