

EXPLANATORY NOTE FOR RULES UNDER THE PROG ACT

Introduction

The Promotion and Regulation of Online Gaming Act 2025 ("PROG Act") provides a uniform national framework for structured growth of the online gaming sector through legitimate formats of e-sports and online social games, while prohibiting exploitative and harmful online money games. It establishes the Online Gaming Authority of India ("Authority") to oversee determination whether an online game is an online money game or otherwise, recognition & registration of e-sports and online social game, compliance, grievance redressal, and enforcement.

The Ministry of Electronics and Information Technology (MeitY) has now prepared the Draft Promotion and Regulation of Online Gaming Rules, 2025 ("Draft Rules"). These Draft Rules have been framed under section 19 of the PROG Act, which received the President's assent and was notified in the Gazette of India on 22nd August, 2025.

The Draft Rules provide enabling provisions to encourage structured growth of legitimate e-sports and social gaming ecosystems; lays down a framework for determination of an online game as online money game or otherwise; prescribes the framework for recognition, categorization and registration of legitimate e-sports and online social games; mandates maintenance of National Online Social Games and E-sports Registry ; provides a transparent, digital and accountable regulatory framework and provides a strong grievance redressal mechanism to safeguard users.

The Draft Rules are organised into eight Parts, setting out a comprehensive promotion and regulatory framework. A detailed chapter wise summary is provided below

Chapter-wise Summary of the Draft Rules

1. PART I: PRELIMINARY

This part states the timeline on which the Draft Rules shall come into force, on a date appointed by the Central Government. It provides key definitions for terms like "Act," "Applicant," "Grievance," and "online game service provider," and further clarifies which government ministry acts as the "Central Government" under different Rules..

2. PART II: PROMOTION OF E-SPORT AND ONLINE SOCIAL GAMES

This part outlines the roles of different ministries in promoting e-sport or online social gaming, with the Ministry of Youth Affairs and Sports responsible for e-sports and the Ministry of Information and Broadcasting for promotion of online social games. The Ministry of Information and Broadcasting may also issue guidelines for categorizing social games to ensure age-appropriate content and in relation to categorisation of online social games for recreational, educational, skill development purposes. Registration for both e-sports and social games is managed by the Online Gaming Authority of India. It has been clarified that an online social game can be offered

without a registration under Part IV, thus making registration for online social games voluntary.

3. PART III: AUTHORITY ON ONLINE GAMING

This part details the establishment of the Authority as a corporate body with powers similar to a civil court to conduct inquiries and summon individuals. The Authority may operate as a digital office. The Authority is composed of a Chairperson and five other ex officio members from various government ministries and is empowered to determine if a game is an "online money game," register games, issue directions, and impose penalties. Decisions made by the Authority can be appealed to the Appellate Authority within thirty days.

4. PART IV: DETERMINATION, RECOGNITION, CATEGORISATION AND REGISTRATION

This part describes the detailed application process for obtaining registration with the Authority, which will be completely in digital form for online game service providers seeking registration for an online social game or e-sport, requiring details such as the game's description, target age group, and revenue model. The Authority determines if a game is a prohibited "online money game" and will order it to cease operations if it is. For an e-sport to be registered, it must first be recognized under the National Sports Governance Act, 2025. There is time-bound decision-making for registering online games with the Authority (generally 90 days).

5. PART V: CERTIFICATE OF REGISTRATION

This part covers the Certificate of Registration issued by the Authority, which is valid for up to five years unless suspended or cancelled. Online gaming service providers must inform the Authority of any "material change" that could alter a game's nature, such as a shift in its revenue model that makes it an online money game. The certificate can be cancelled or suspended through a proper due process and inquiry for reasons like a game becoming an online money game, repeated violations, or making false statements in the application. It further allows any online gaming service provider to surrender their certificate of registration.

6. PART VI: IMPOSITION OF PENALTY

This part outlines the process for imposing penalties for non-compliance under section 12 of the PROG Act, which the Authority can initiate on its own or based on a complaint. After an inquiry, if a provider is found liable, the Authority may impose a penalty, suspend or cancel the registration, or prohibit the game. The penalty amount considers factors like the gain made from non-compliance, loss caused to users, and the repetitive nature of the violation.

7. PART VII: GRIEVANCE REDRESSAL MECHANISM

This part establishes a three-tiered system for resolving user complaints, starting with the registered online game service provider's internal mechanism. If a user is

dissatisfied, they can appeal first to the Grievance Appellate Committee (established under rule 3A of the IT Intermediary Rules, 2021) and then to the Authority. The Authority's decision is the final step in this process, and it can issue directions and impose penalties to ensure compliance.

8. PART VIII: MISCELLANEOUS

This final part addresses administrative matters, including a transitional provision allowing for the repayment of user funds collected before the PROG Act's enforcement for a period of 180 days. It also mandates that the Authority must prepare and submit an annual report of its activities to the Central Government.
