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STATUTORY ALERT



Overhaul of Online Gaming Laws in India Takes Effect: Government Notifies PROGA Rules & Enforcement of the PROGA

The notification of the Promotion and Regulation of Online Gaming Rules 2026 (“**Rules**”), framed under the Promotion and Regulation of Online Gaming Act 2025 and the setting up of the Online Gaming Authority of India, mark significant and commendable steps by the Union Ministry of Electronics and Information Technology (“**MeitY**”) towards establishing a coherent regulatory framework for online gaming in India and finally operationalising the entire framework under the Promotion and Regulation of Online Gaming Act 2025 (“**Act**”), effective 1 May 2026.¹

Getting policy right in a space as dynamic and fast-evolving as online gaming is no small feat, and while no legal or policy document can claim perfection at the outset, what MeitY has put together is a robust and well-considered endeavour – one that moves India’s online gaming sector away from a fragmented and uncertain policy environment towards a centralised, structured regime. The Rules should not be viewed as a final goalpost, but as the beginning of a new regulatory journey – one that will inevitably require iteration, refinement, and continued dialogue between the government and the industry stakeholders.

The Rules adopt what can reasonably be described as a light-touch approach, particularly for the vast majority of offerings that qualify as non-real-money games, whilst imposing comparatively

stricter standards for certain categories. This calibrated framework reflects the government’s own stated rationale: the absence of a clear regulatory regime for e-sports and online social games had led to a fragmented policy environment, creating ambiguity for industry stakeholders and insufficient safeguards for users. Formal recognition through these Rules is intended to promote innovation, attract responsible investment, and position India as a globally competitive gaming ecosystem. While the sun has set on Real Money Gaming, the dawn of a new era of online gaming must be recognised.

Against this backdrop, stakeholders across the ecosystem should view 1 May 2026 not merely as a compliance deadline, but as a point to reset and as the start of a constructive, ongoing dialogue between industry stakeholders, MeitY and the new Online Gaming Authority of India (“**Authority**”).

This update focuses on highlighting what should stakeholders prepare for starting 1 May 2026 and what to expect in the immediate future. It is supplemented with a brief overview of the Rules while simultaneously flagging some key issues for further policy engagement and discussion. Our previous analysis on the Act can be found [here](#).

¹ See the notifications [here](#), [here](#), [here](#) and [here](#)



What happens on 1 May 2026 and the immediate future? The key Dos and Don'ts for main stakeholders

If you are a bank, payment gateway, payment service provider or any financial institution

- From 1 May 2026, do not facilitate any financial transactions for clients continuing to offer online money games. Such facilitation becomes a criminal offence under the Act attracting imprisonment and fines. Support for previous player funds should be evaluated on a case-by-case basis.
- Critical to prioritise compliance with the law; government has reposed predominant responsibility on banks and financial service providers to act as unsaid gate-keepers by identifying legitimate offerings.
- Recalibrate internal risk and compliance processes to proactively identify whether online gaming clients' offerings (including any pivots) fall within the online money game definition under the Act. Strengthen protocols for verification of online gaming merchants.
- Where there is ambiguity, rely on expert advice for determining legality of the gaming formats. For ambiguous and potentially 'controversial' formats, consider pausing support/onboarding for the relevant offering from 1 May 2026 until internal compliance clearance is obtained.
- Prepare to validate Certificates of Registration once MeitY/ Authority issue directions on verification and transaction-gating. Currently, nothing has been specifically issued in this regard.

If you are an advertiser, media agency, publisher, celebrity, influencer or any person involved in the endorsement and promotion of online games

- While the Rules emphasise on banks and financial institutions as the "gatekeepers" of the gaming ecosystem, the Act clearly places equal responsibility on the entire advertising chain to not participate in or promote online money games.
- Before May 1, 2026, assess your current and potential deals to ensure that the games promoted are not "online money games". Any such involvement, is a criminal offence, attracting imprisonment and fines. Seek comfort through expert advice, the law is nuanced and needs careful interpretation.
- Effective May 1, 2026, stop any endorsement, ads or being involved with promoting online money games. Where a game's classification is unclear, pause promotional activity till the diligence is complete.
- Recalibrate internal risk and compliance processes similar to our recommendation above for banks and payment providers.

If you are an online money game service provider i.e. Real Money Gaming platform, whether local or overseas

- Cease all online money game operations and offerings latest by 30 April 2026.
- Note that offering online money games becomes a criminal offence from 1 May 2026 attracting imprisonment and fines.

- Online money games can neither be registered with the Authority nor can they be offered under the licensing framework of any State-specific online gaming law.
- For player funds and deposits held, calibrate and assess how the reconciliation will be done and funds handled. Each operator's case may be different. Transition window originally contemplated in the draft rules not included in the published Rules. Clarity from MeitY maybe required.

If you are offering online social games

- No immediate changes required to legally compliant online social game offerings on 1 May 2026.
- Monitor forthcoming notifications closely; determination and registration of online social games not currently mandated unless the Central Government notifies specific games or categories of games requiring it.
- Review business models now to ensure they are clearly distinguishable from online money games and can withstand regulatory scrutiny, including any *suo motu* determination notice issued by the Authority.
- Possible for a online game is neither an online social game nor e-sports but doesn't trigger the definition of online money game also. In such a case, ensure it doesn't pivot to an online money game at any juncture and then such games should be fine to offer.
- Practically, banks and payments service providers may require legal opinions for their internal determination on legitimacy of the games. Prudent to pre-empt this and organise yourselves to minimise business disruption.

If you are offering "e-sports" under the Act or intend to offer in the future

- Note that not all e-sports as the industry understands it, qualifies as "e-sports" under the Act.
- Your offering needs satisfy the Act's specific definition of "e-sports," which includes recognition under the National Sports Governance Act 2025 ("**NSGA 2025**"). The NSGA 2025 framework itself is gradually taking shape and hence the recognition process under it is currently ambiguous.
- For any offering which does not satisfy all ingredients under the "e-sports" definition by 1 May 2026, pause those parts of your offering which involve taking money from users **and** giving prizes in money – the characteristic "money-in **and** money-out" associated with online money games.
- If "money-in **and** money-out" exist without official recognition (under NSGA 2025) and registration (under the Act and the Rules) as an "e-sport", the online game or tournament will risk being categorised as online money game. While this may not be the intention of the lawmakers, the interpretation of the relevant provisions present this imminent issue. Clarity is required from MeitY on this; preferably a transition window for such offerings.
- For the future, the determination and registration processes under the Rules will help provide clarity on the legitimacy of the relevant e-sport.



Brief Synopsis of the Rules

Features and functions of the Authority	
Composition	<p>The Authority has been constituted as an attached office of MeitY, headquartered in the NCT of Delhi. It will comprise of a Chairperson and five other Members – all of whom will be <i>ex-officio</i> senior bureaucrats from some specific central government ministries, with an Additional Secretary of MeitY being the Chairperson. The Authority may function as a digital office and may conduct proceedings without requiring physical presence.</p> <p>Observation: <i>The Authority has a largely bureaucratic composition, with significant representation from government officials. While this may support coordinated enforcement and policy alignment, across ministries and departments, it raises questions on whether there will be sufficient technical and industry input in decision-making. Given the pace of innovation in the online gaming sector, greater structural inclusion of domain and technical experts may be important to ensure that regulatory decisions are practical, informed, and responsive to industry realities. There are some provisions allowing the involvement of domain and technical experts, the Authority should use it to its advantage for inclusion and direction.</i></p>
Functions	<p>The Authority has been made the fulcrum of the online gaming legal framework and will be responsible for (i) publishing a list of online games determined to be online money games; (ii) maintaining a record of online games determined or registered by it; (iii) inquiring into complaints, (iv) issuing directions or orders on offering, financing and advertising of online games, (v) issuing guidelines and codes of practice in relation to offering online games (vi) adjudicating appeals from decisions of online game service providers on user grievances; (vii) coordinate with financial institutions, law enforcement, and other government agencies for effective enforcement of the Act; and (viii) issue advisories to further the objectives of the Act. Appeals from decisions of the Authority will lie before the Appellate Authority, i.e. the Secretary, MeitY.</p> <p>Observation: <i>The Rules rely heavily on future directions, guidelines, advisories, and codes of practice to operationalise key aspects of the framework. Several important obligations such as user verifications, grievance redressal mechanisms, standards and measures of fair play, data retention and responsibilities for financial intermediaries have been left to be clarified at a later stage. This broad executive power allows the Authority and the Central Government to refine the framework but it also means that obligations, standards and compliances may keep shifting for the businesses. Importantly, while the Rules do not have a transition period prescribed, such future rules and directions must have adequate transition periods built in for practical implementation and minimal business disruption.</i></p>
'Determination' of online games	
What is 'determination' and does every online game need it?	<p>The process by which the Authority will adjudicate the nature of an online game for the purposes of the Act and the Rules is referred to as the 'determination' process under the Rules. By default, no online game requires determination by the Authority. Determination is triggered only in three situations: (i) <i>suo motu</i> direction by the Authority; (ii) the intent of the online game service provider to offer the game as an e-sport; (iii) or a notification by the Central Government mandating determination of a category of online social games having regard to their nature, volume, or value of financial transactions.</p> <p>Observation: <i>While the procedure in this regard says that the notice for suo motu determination will mention the reasons thereof, the Rules do not clearly set out when the Authority can exercise the power to initiate suo moto determination of an online game. This means that even compliant offerings may be called into question unexpectedly. While this may be intended to address edgy cases, it creates ongoing uncertainty, as there is limited predictability on when a game may be subject to scrutiny. In practice, this could lead to delays, repeated scrutiny, or the need to justify business models after they are already in the market., This power should be used sparingly by the Authority with care and ideally at least some guidance should be included in Rule 8(1)(a) in this regard.</i></p>



Factors for determination	<p>In making a determination, the Authority will consider factors such as: (i) the payment(s) made at any stage of the participation in the online game; (ii) user expectation of monetary winnings or other enrichment in return for such payment; (iii) the manner in which the fees/deposits are utilised in an online social game; (iv) the structure and operation of the revenue model; and (v) the manner in which in-game rewards are transferred or monetised outside the game environment.</p> <p>Observation: <i>The draft Rules did not define the term “user safety features”. This could have created compliance uncertainty. The Rules define the term to include technical, procedural, operational, behavioural, and system related safeguards considering the risk assessment of the game. The safeguards include age verification or age gating, time restrictions, parental controls, user reporting and grievance mechanisms, counselling support, and fair-play and integrity monitoring tools. This gives the industry some guidelines when operationalising appropriate user safety features.</i></p>
Process and validity	<p>When making a determination, the Authority can examine the technical architecture, gameplay mechanics, and user interface of the online game, and may use external expert evaluation. If the online game is determined as an online money game, the Authority may initiate action under the Act. If it is not, the Authority can issue a finding for it as an online social games, or take it up as an e-sport registration application. Each determination is specific to the particular online game and the particular service provider, and does not extend to similar games offered by others. A determination order remains valid so long as there are no changes to the online game that affect the facilitation of payments or authorisation of funds for it.</p>
‘Registration’ of online games	
Who requires registration?	<p>By default, online games do not require registration with the Authority. Registration is mandatory only in two situations: (i) where the Central Government, by notification, requires a specific online game or category of online games to be registered, having regard to a list of factors including risk of harm to users (including children), scale of user participation, nature or value of financial transactions, country of origin of the service provider, or other factors in public interest; or (ii) where the online game is intended to be offered as an e-sport.</p> <p>Observation: <i>Under the draft rules, there was a process for availing voluntary registration. Under the published Rules, this is no longer an option. and the Rules make it clear that registration will apply only when specifically required by the Government through a notification.</i></p>
Process for registration:	<p>An applicant will be required file its application electronically on the digital form published on the Authority’s website or mobile application. On receipt, the Authority will process the application through the determination procedure under Rule 10. In the case of an e-sport, the Authority will registers the e-sport within 90 days from the date of receipt of a complete application, subject to issuance of a determination order that the game is not an online money game and confirmation of recognition under the NSGA 2025.</p>
Certificate of Registration and validity:	<p>On registration, the Authority will issue a digital Certificate of Registration which would be valid for a period of up to 10 years unless earlier surrendered, suspended, or cancelled. The Authority can suspend or cancel registration only after giving the service provider an opportunity of being heard, and only on the listed grounds. An online game service provider must prominently display the details of determination or registration on the computer resource through which the online game is offered. It must not misrepresent its determination or registration status.</p> <p>Observation: <i>The Rules provide for validity of Certificate of Registration up to 10 years, as opposed to up to five years under the draft Rules. This is a welcome change as a longer duration provides greater certainty to business operations and investors.</i></p>
Miscellaneous	
The rule on refunds for a transitional period has been removed	<p>The draft rules, provided immunity to banks, financial institutions, and other persons facilitating financial transactions, from Section 7 of the Act, for a period of 180 days from enforcement, to enable return of funds due to be returned to users prior to enforcement. The Rules do not contain any such provision. The absence of a clear transition window may make it difficult for various stakeholders to manage legacy user fund. However, this will need to be evaluated on a case by case basis.</p>



Compliance with what the Authority issues under S.8(3) of the Act:	<p>The Authority may issue directions, orders, guidelines, or codes of practice under Section 8(3) of the Act on various aspects such as (i) designation of PoC by a provider online social game or an e-sport; (ii) data retention and localisation requirements; (iii) obligations of banks and financial institutions in relation to financial transactions or authorising funds for an online social game or e-sport. Non-compliance with what the Authority issues under S.8(3) of the Act carries a monetary penalty under S.12 of the Act read with Rule 21.</p> <p>Observation: Rule 17 states that the Authority or the Central Government may, inter alia, bring out rules for data localisation for online social game and e-sports. This was not specifically identified under the draft Rules. While currently there is no requirement for data localisation for overseas operators, however, one needs to keep a close eye on this requirement evolving.</p>
Obligations for banks and financial institutions:	<p>Must comply with directions, orders, guidelines, or codes of practice issued under S. 8(3) on facilitation, routing, and settlement of user payments. Before facilitating or authorising funds, they must also verify the Certificate of Registration or determination order, as applicable. Where the Authority issues a direction in relation to an online game determined to be an online money game, every financial institution must, without delay, suspend or discontinue the facilitation of transactions or authorisation of funds, and furnish such information or assistance to the Authority as required. Please see our observations in the key takeaways on this point.</p>
Three-tier user grievance redressal mechanism:	<p>Every online game service provider must establish a functional grievance redressal mechanism. A user dissatisfied with the resolution by the service provider may approach the Authority. The Authority may, after hearing the parties, issue corrective or remedial measures. A user dissatisfied with the resolution by the Authority may file a further appeal before the Appellate Authority under Rule 7.</p> <p>Observation: The draft Rules contemplated a four-tier grievance framework, comprising the online game service provider, the Grievance Appellate Committee (“GAC”) under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules 2021, the Authority, and then Appellate Authority. The Rules have rightly removed the GAC. This would streamline the grievance process & reduce the forums for appeal.</p>
Authorities for investigating offences under the Act:	<p>By a separate notification dated 22 April, 2026 issued under Section 15 of the Act, the Central Government has authorised (a) a police officer in charge of a cyber cell in a State or Union territory, or (b) any nodal cyber cell officer in a State Government or Union territory administration, including those at the level of police station, district, or commissionerate, to investigate offences under the Act.</p>

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