



# THREE-TIER GAMING REVOLUTION: WHAT'S NEXT FOR GAMERS?

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## **1.Introduction[1]:**

From cricket stadium billboards to high-decibel ads, online gaming has officially seized India's mainstream digital culture. Whether it's MS Dhoni inviting fans to "make a dream team" on Dream11 or Bollywood A-listers endorsing RummyCircle, gaming today is no longer viewed merely as entertainment. It is a booming digital industry involving real money, competitive skill, and millions of users. Yet, beneath this rapidly expanding ecosystem lies a fundamental legal question: should all online games be treated alike?

India's approach remained fragmented, relying on the judicial distinction between **"games of skill"** and **"games of chance."** But as the industry flourished, the reality on the ground became chaotic. Growing concerns around addiction, financial losses, and predatory betting practices led to sudden state-level bans and regulatory crackdowns. What was once seen as the future of digital entertainment went rock bottom overnight and turned into a field of legal trap and uncertainties regarding its validity.

## **PROGA 2025: The Ultimate System Update:**

It is within this backdrop that the Promotion and Regulation of Online Gaming Act, 2025[2] ("PROGA"), along with the Promotion and Regulation of Online Gaming Rules, 2026[3] ("Rules"), moves beyond the simplistic "skill versus chance" framework, PROGA introduces a structured three-fold classification of online games based on gameplay, monetary involvement, and regulatory risk, marking a significant step towards a more coherent and risk-sensitive regulatory framework for online gaming in India.

[1] The article reflects the general work of the author on the date of publication and the views expressed are personal. No reader should act on any statement contained herein without seeking detailed professional advice.

[2] [8a7f103cefc68ed8aaa2ebc9a2ed7c13.pdf](#)

[3] [271974.pdf](#)

## 2. The Three-Way Distinction: Navigating the New Map:

Have you ever finished shopping online quickly, only to be greeted by a vibrant, "Spin the Wheel" pop-up promising a surprise discount or free shipping? It feels like a harmless reward/promotion activity, a tiny dopamine hit before you close the tab.

But have you ever paused to wonder: What exactly is it? Is it just a casual bit of entertainment, or is there a hidden intent lurking behind the graphics?

Under PROGA 2025, the law has stopped treating "online games" as a single, confusing monolith. Instead, it has introduced a risk-sensitive map that draws clear borders between the e-sports athletes, the casuals social gamers, and people who were offering and playing online money games before introduction of PROGA.

**To navigate this new world, we have to look at how the "Three Worlds" of Indian gaming are now strictly divided:**



| Feature                               | E-sports<br>(The Pro-League)  | Online Social Games<br>(The Casual Zone)  | Online Money Games<br>(The Danger Zone)  |
|---------------------------------------|---|---|--|
| <p><b>Definition as per PROGA</b></p> | <p><b>“e-sport”</b> means an online game which:</p> <ul style="list-style-type: none"> <li>i. is played as part of multi-sports events;</li> <li>ii. involves organised competitive events between individuals or teams, conducted in multiplayer formats governed by predefined rules;</li> <li>iii. is duly recognised under the National Sports Governance Act, 2025, and registered with the Authority or agency under section 3;</li> <li>iv. has outcome determined solely by factors such as physical dexterity, mental agility, strategic thinking or other similar skills of users as players;</li> <li>v. may include payment of registration or participation fees solely for the purpose of entering the competition or covering administrative costs and may include performance-based prize money for the player; and</li> <li>vi. shall not involve the placing of bets, wagers or any other stakes by any person, whether or not such person is a participant, including any winning out of such bets, wagers or any other stakes;</li> </ul> | <p><b>“online social game”</b> means an online game which:</p> <ul style="list-style-type: none"> <li>i. does not involve staking of money or other stakes or participation with the expectation of winning by way of monetary gain in return of money or other stakes;</li> <li>ii. may allow access through payment of a subscription fee or one-time access fee, provided that such payment is not in the nature of a stake or wager;</li> <li>iii. is offered solely for entertainment, recreation or skill-development purposes; and</li> <li>iv. is not an online money game or e-sport;</li> </ul> | <p><b>“online money game”</b> means an online game, irrespective of whether such game is based on skill, chance, or both, played by a user by paying fees, depositing money or other stakes in expectation of winning which entails monetary and other enrichment in return of money or other stakes; but shall not include any e-sports</p> |

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|----------------------------------|---|--|--|
| <p><b>Operational Status</b></p> | <p><b>Conditional.</b> These are games officially recognized as competitive sports requiring significant physical or mental skill, strategy, and training.</p>        | <p><b>Permitted.</b> These are Casual, educational, or recreational games that are played for entertainment or social interaction, with zero monetary stakes involved.</p>   | <p><b>BANNED.</b> Any game where a user provides a "deposit" (cash or crypto) with the expectation of winning a prize or "winnings", depending on outcome of the game. All operations have ceased by April 30, 2026. Criminalized from May 01, 2026.</p> |
| <p><b>Financial Hook</b></p>     | <p>"Money-in, money-out" in terms of participation fees and rewards based on ranking and performance is allowed as long as such esports is registered under OGAI.</p> | <p>Strictly Zero Stakes. Business models must withstand scrutiny.</p>  | <p>Criminal Offense. Not allowed at all. Attracts heavy fines and imprisonment in case of non-compliance with the new law (PROGA).</p>   |
| <p><b>Registration</b></p>       | <p>Registration is mandatory only in case of public tournament.</p>   | <p>Registration is not mandatory.</p>  | <p>Registration is not applicable since Online Money Games are banned.</p>   |
| <p><b>Few Examples[4]</b></p>    | <p>BGMI, Valorant, FIFA, League of Legends, DOTA 2 etc.</p>   | <p>Minecraft, Candy Crush, Duolingo, Chess (casual), Among Us, Spinning a wheel on a shopping app (like Amazon or a retail site to win a discount coupon, a voucher, or free shipping as a promotional activities)</p> | <p>Online Poker, Rummy, Fantasy Cricket, Real-money Ludo. (Involving money deposit with expectation of winning depending on result of the game.)</p>   |

### 3. Penalties for Platforms, Payment Intermediaries, and Advertisers:

Sections 5 and 7 penalise both online money gaming operators and entities facilitating their payments, including banks and fintech intermediaries.

- First Conviction: Up to 3 years' imprisonment and/or fine up to **Rs. 1 Crore.**
- Repeat Conviction: 3–5 years' imprisonment and fine between **Rs. 1–2 Crore.**
- Offences are cognizable and **non-bailable.**

### Advertising and Promotion

Section 6 prohibits advertising or promoting online money games.

- First Conviction: Up to 2 years' imprisonment and/or fine up to **Rs. 50 Lakh.**
- Repeat Conviction: Up to 3 years' imprisonment and fine up to **Rs. 1 Crore.**

[4] Examples cited for conceptual clarity based on the author's interpretation and the current format of the game, as experienced by the authors. They serve to help readers distinguish between the three regulatory buckets and do not represent an official determination by the Government of India or the OGAI.

## Dos and Don'ts for Coders, Creators & Platform Owners under PROGA 2025:

| Category                            | E-Sports   | Online Social Games  | Online Money Games (The Danger Zone)   |
|-------------------------------------|--|--|--|
| <b>Game Design</b>                  | <ul style="list-style-type: none"> <li>✔ Design gameplay around measurable skill, strategy, teamwork, reflexes, and competitive integrity.</li> </ul>                          | <ul style="list-style-type: none"> <li>✔ Keep gameplay recreational, educational, or entertainment-focused without monetary stakes.</li> </ul>             | <ul style="list-style-type: none"> <li>✘ Do not design systems involving deposits, betting pools, wagering mechanics, or cash-out rewards linked to outcomes.</li> </ul> |
| <b>Monetisation Model</b>           | <ul style="list-style-type: none"> <li>✔ Use tournament entry fees strictly for administration or competition participation.</li> </ul>  | <ul style="list-style-type: none"> <li>✔ Monetise through ads, subscriptions, cosmetics, season passes, or one-time purchases.</li> </ul>                  | <ul style="list-style-type: none"> <li>✘ No “pay-to-win” or “deposit-to-earn” structures promising monetary returns.</li> </ul>  |
| <b>Rewards &amp; Incentives</b>     | <ul style="list-style-type: none"> <li>✔ Offer prize money only in officially recognised competitive formats solely on rankings based on skill of esports athletes.</li> </ul> | <ul style="list-style-type: none"> <li>✔ Offer non-monetary rewards such as badges, skins, XP, or discount coupons or similar in-game features.</li> </ul> | <ul style="list-style-type: none"> <li>✘ Do not offer cash winnings, redeemable tokens, crypto payouts, or transferable reward balances.</li> </ul>                      |
| <b>Tournament Hosting</b>           | <ul style="list-style-type: none"> <li>✔ Conduct public tournaments only after registration with the <b>OGAI</b>.</li> </ul>   | <ul style="list-style-type: none"> <li>✔ Community events and casual competitions are permissible if no stakes are involved.</li> </ul>                    | <ul style="list-style-type: none"> <li>✘ Hosting paid-entry competitions with pooled winnings is prohibited.</li> </ul>  |
| <b>Advertising &amp; Promotions</b> | <ul style="list-style-type: none"> <li>✔ Promote recognised e-sports leagues responsibly with age-appropriate disclosures.</li> </ul>  | <ul style="list-style-type: none"> <li>✔ Market games as entertainment or educational experiences.</li> </ul>  | <ul style="list-style-type: none"> <li>✘ Do not advertise, endorse, influence, or indirectly promote money gaming platforms.</li> </ul>                                  |

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| <p><b>Influencer &amp; Creator Collaborations</b></p> | <p>✔ Collaborate with streamers for gameplay, tournaments, coaching, or commentary.</p>               | <p>✔ Use creators for engagement campaigns, tutorials, or social interaction features.</p>  | <p>✘ Avoid sponsorships encouraging users to deposit money or “win real cash.”</p>                                     |
| <p><b>Compliance &amp; Documentation</b></p>          | <p>✔ Maintain player records, tournament rules, anti-fraud systems, and regulatory registrations.</p> | <p>✔ Preserve clear terms of use showing absence of wagering mechanics.</p>                 | <p>✘ Failure to comply may attract criminal prosecution, platform blocking, and blacklisting.</p>                      |
| <p><b>Target Audience</b></p>                         | <p>✔ Age-gating and parental controls are advisable for minors.</p>                                   | <p>✔ Child safety, screen-time controls, and privacy protections should be implemented.</p> | <p>✘ Designing systems targeting vulnerable users with addictive monetisation patterns may aggravate liability.</p>    |
| <p><b>Use of Currency</b></p>                         | <p>✔ Permissible if limited to gameplay balancing and non-withdrawable ecosystems.</p>                | <p>✔ Virtual coins may exist if they cannot be redeemed for money or tradable assets.</p>   | <p>✘ Convertible tokens, cash-equivalent credits, or exchangeable crypto-assets linked to winnings are prohibited.</p> |
| <p><b>Regulatory Outlook</b></p>                      | <p>✔ Operate within OGAI + NSGA compliance ecosystem.</p>   | <p>✔ Remain under MeitY scrutiny if monetisation models evolve.</p>                         | <p>✘ Subject to criminal enforcement, blocking orders, arrests, and non-bailable offences.</p>                         |

**Conclusion:**

The 2026 Rules represent not only a ban on money gaming, but also show a maturation of India’s gaming economy. With the OGAI now acting as a central referee, the focus can be on building a world-class gaming culture. The real test for PROGA 2025 would be how effectively it can protect everyday users from financial traps while finally giving our E-sports athletes the legitimate stage they’ve earned. On May 1st, the board was reset. Now, it's time to play by a better set of rules.

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