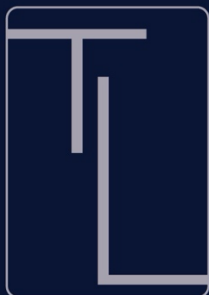


CART BEFORE THE HORSE: E-SPORTS REGULATION IN INDIA



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The Promotion and Regulation of Online Gaming Act, 2025 (“**PROGA**”) is the first legislation that defines, and seeks to regulate, e-sports in India. Its introduction marked a watershed moment for e-sports by distinguishing it from “online money gaming” as a “sporting” activity and providing a framework for its recognition and growth.

One of PROGA’s stated objectives is promoting e-sports in India¹, through guidelines and standards for conduct, establishment of training academies, research centres, and incentive schemes, amongst others. The regulation of e-sports however is devised under a dual regulatory mechanism (1) recognition under the National Sports Governance Act, 2025, (“**NSG Act**”), and (2) registration under PROGA, with the former being a pre-requisite for the latter².

However, the definition of e-sports under PROGA is riddled with ambiguities. It is unclear which online game formats would amount to an e-sport. The NSG Act currently lacks the operational framework for e-sports recognition. Hence, its registration under PROGA still in a limbo.

E-SPORTS REGULATION UNDER PROGA

PROGA seeks to regulate the following three categories of online games

ONLINE MONEY GAMES	E-SPORTS	ONLINE SOCIAL GAMES
PROHIBITED	PERMITTED, MANDATORY REGISTRATION	PERMITTED; REGISTRATION ONLY IF NOTIFIED
PROGA prohibits and criminalizes activities in connection with online money games ³ , being online games played by a user by paying fees,	E-sports are games ⁴ which are: (1) played as part of multi-sports events, (2) involves organised competitive events between individuals or teams, conducted	Online games which ⁷ do not involve staking of money or “other stakes,” ⁸ i.e., anything recognized as equivalent or convertible to money such as

¹ Section 3, PROGA

² Rule 13(3), PROGA Rules

³ Section 5 - 7, PROGA

Prohibition of online money game and online money gaming service.—No person shall offer, aid, abet, induce or otherwise indulge or engage in the offering of online money game and online money gaming service.

Prohibition of advertisement related to online money game.—No person shall make, cause to be made, aid, abet, induce, or otherwise be involved in the making or causing to be made any advertisement, in any media including electronic means of communication, which directly or indirectly promotes or induces any person to play any online money game or indulge in any activity promoting online money game.

Prohibition of transfer of fund.— No bank, financial institution, or any other person facilitating financial transactions or authorisation of funds shall engage in, permit, aid, abet, induce or otherwise facilitate any transaction or authorisation of funds towards payment for any online money gaming service.

⁴ Section 2(1)(c), PROGA

⁷ Section 2(1)(i), PROGA

⁸ Section 2(1)(j), PROGA

depositing money and other stakes in expectation of winnings entailing monetary and other enrichment in return of such stakes.	in multiplayer formats governed by predefined rules, (3) is duly recognised under the NSG Act, as well as registered by the Online Gaming Authority of India ("OGAI") under PROGA, and (4) has outcomes determined solely by factors such as physical dexterity, mental agility, strategic thinking or other similar skills of users as players. The definition of e-sports recognizes that e-sports may include payment of registration or participation fees solely for the purposes of entering the competition or covering administrative costs, and include performance-based prize money for the player.⁵ However, such games cannot involve placing of bets, wagers or stakes by persons, resulting in winnings from such bets, wagers or other stakes. E-sports are excluded from the definition of online money games⁶ and are regulated through a registration mechanism, as discussed subsequently. The definition of e-sports gives rise to several ambiguities, as discussed below	credits, coins, tokens, and the like. These games may allow access through fees, provided they are not in the nature of stakes. They must be offered for solely for entertainment, recreation or skill-development purposes, and must not be online money games.
	Registration under PROGA mandatory.	Certain categories of OSGs may be notified as requiring registration <i>where the Central Government</i> believes such games create a risk of harm to users, or given the scale of user participation, volumes of

⁵ Section 2(1)(a)(v), PROGA

⁶ Section 2(1)(g), PROGA

		financial transactions, country of origin of such games, or other factors. ⁹
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There are certain games that may conventionally be regarded as e-sports may also be offered as online social games. The distinction between ‘esports’ and ‘social games’ seems to be in the monetization structures of both. In case of e-sports, PROGA expressly permits charging a combination of entry fee and prizes, provided it is not structured as online money game, however, in the case of online social games, that is not the case.

Hence, the same underlying game (e.g. online carrom), may be offered either as an e-sport (subject to compliance with the statutory conditions mentioned above), or as an online social game, depending upon the manner it is structured.

The draft registration application form issued by MeitY contemplates this overlap¹⁰, by requiring separate applications for online games falling within both categories (i.e., notified online social games and e-sports).

DEFINITIONAL UNCERTAINTIES WITH E-SPORTS

The definition of e-sports is an exhaustive definition, requiring an online game to cumulatively satisfy each constituent element. However, several of these elements require clarity.

Multi-sport events: To begin with, it should be clarified that “multi-sport events” include events involving multiple e-sports titles of different genres, and not only events where multiple other sports like badminton, football, etc., are offered alongside e-sports. This is because, often, e-sports tournaments are organized involving multiple e-sports titles rather than alongside traditional sports.

⁹ *ibid*

¹⁰ Part A (Services), 1.1 (a), accessible here:

<https://www.meity.gov.in/static/uploads/2026/06/2aca2ff31df6cfe5e3ad765bbbbbca7ce.pdf>, last accessed August 6, 2026

Competitive Gameplay: It is also unclear what types of competitive gameplay would amount to *‘competitive events between individuals or teams conducted in multiplayer formats.’* It is unclear whether this is intended to cover only organized, event-based competition such as tournaments or leagues conducted over a period, or even leaderboard formats within the game environment.

Monetization Structures: While e-sports may involve payment of participation fees and performance-based prize money, e-sports titles often have parallel in-game monetization features, in-app purchases and mechanics that sit in a grey area. Loot boxes, randomized cosmetic drops, gacha-style pulls, battle passes, and in-game currencies purchased with real money are standard revenue mechanics across major esports titles. There is no clarity in respect of whether such mechanics are permissible.

Requirement for Registration and Recognition: The process for recognition under the NSG Act does not appear implementable at present, as subsequently elaborated upon. Therefore, even recognition and registration under the PROGA is not technically possible at present.

THE REGULATORY REGIME: RECOGNITION AND REGISTRATION

The Promotion and Regulation of Online Gaming Rules, 2026 (“**PROG Rules**”) have been issued under PROGA. The Act and the PROG Rules read together require that any online game intended to be offered as an e-sports must be (i) determined as not being online money games, (ii) obtain recognition under the NSG Act; and (iii) registered with the OGAI.¹¹

STEP 1 : DETERMINATION

E-Sports that are online money games¹² are not eligible for registration. Prior to registration, e-sports must mandatorily undertake determination¹³, a process whereby the OGAI determines that an online game is not an online money game, having regard to factors such as the structure and operation of the game’s revenue models, the manner in which rewards, benefits or in-game assets may be transferred, redeemed, monetized or used outside the game environment, amongst others.¹⁴

¹¹ Rule 12(2), PROG Rules

¹² Rule 12, PROG Rules

¹³ Rule 8, PROG Rules

¹⁴ Rule 9, PROG Rules

Unfortunately, the PROG Rules do not provide any substantive guidance on which monetization features would render an online game an online money game. It merely lists factors which the OGAI would take into account while making a determination, in deliberately wide terms to encompass any monetization feature. Hence, monetization features must be evaluated carefully.

If an online game is determined as an online money game, the OGAI will issue a determination order and may initiate criminal proceedings under PROGA.¹⁵

STEP 2 : RECOGNITION

Prior to undertaking registration as e-sports under PROGA, online games must be recognized under the NSG Act.¹⁶

The requirement that an e-sport be "recognized" under the NSG Act gives rise to several uncertainties. The NSG Act does not provide a clear mechanism for the recognition of e-sports or national sports bodies governing e-sports.

No game-wise 'recognition': The NSG Act does not provide for a game-wise "recognition" framework at all. It provides for the recognition of 'national sports bodies,' a catch-all term for national sport governing bodies such as the National Olympic Committee, National Paralympic Committee, or National or Regional Sports Federations, by the National Sports Board¹⁷ of India ("**NSB**").

National or regional sports federations are envisaged as being established as national sports governing bodies in respect of a 'designated sports,'¹⁸ as notified by the Central Government in respect of a specific region, State or all of India¹⁹. National sports federations are required to have recognition by, and affiliation with, international sports governing bodies, unless none exists in respect of the sport.²⁰

Hence, 'recognition' in respect of e-sports necessarily requires (1) the designation of e-sports as a sport, (2) recognition of a sports federation as a sports body in respect of e-sports, by the NSB. Sports organisations recognized as national sports bodies prior to the NSG Act are

¹⁵ Rule 10(2)(a), PROG Rules

¹⁶ Rule 13(3), PROG Rules

¹⁷ Section 8(2), NSG Act

¹⁸ Sections 2(r), 2(w), NSG Act

¹⁹ 2(g) "designated sport" means any sport discipline as may be specified by the Central Government, by notification, to be a designated sport for a specific region or State or for the whole of India.

²⁰ Rule 3(5)

deemed to have NSB recognition.²¹ However, no national sports federations were recognized in respect of e-sports under the National Sports Development Code of India, 2011, the predecessor to NSG Act. Hence, fresh recognition of the sports federation as a national sports body in respect of e-sports, must be undertaken.

It is not clear whether recognition of an e-sport under the NSG requires affiliation with, or authorization from, the recognized national sports federation. For instance, it is unclear whether the following is permissible under PROGA: An e-sports title is recognized through a recognized national sports federation under the NSG Act, however an independent tournament organizer conducts a competition involving the same title without any affiliation or arrangement with that federation.

PROGA and the NSG Act do not clarify whether recognition attaches to the e-sports title itself, or the recognized federation.

Eligibility Criteria for recognition of National Sports Federations in respect of e-sports: Sports federations must meet certain eligibility criteria to be recognized as national sports bodies.

One of these is for the national sports body to have a certain minimum representation of 'sportspersons of outstanding merit' among its governing committees.²² Sportspersons of outstanding merit must be persons that have retired from active sport, amongst other criteria. The National Sports Governance (National Sports Bodies) Rules, 2026, provides for a tiered framework²³ for selection of such persons, ranging from, as a first preference, applicants who have won gold, silver or bronze medals in Olympic Games to candidates who, at the minimum, are persons who have won gold, silver or bronze medals or equivalent in National Games, or a National Championship or its equivalent.²⁴ If none exists, the National Sports Body in question can adopt additional tiered criteria based on the same principles²⁵.

However, given that organized competitive events in respect of e-sports is so nascent even internationally, there are unlikely to be sports persons of outstanding merit in respect of e-sports. Accordingly, it is unclear how national sports federations in respect of e-sports will meet such representational requirements and be eligible for recognition under the NSG Act.

²¹ Section 8(5), NSG Act

²² Section 4(1)(b), NSG Act, Rule 3 and Rule 4, National Sports Governance (National Sports Bodies) Rules, 2026

²³ Rule 6 (3), National Sports Governance (National Sports Bodies) Rules, 2026

²⁴ Schedule I, National Sports Governance (National Sports Bodies) Rules, 2026

²⁵ Rule 6(3)(d), National Sports Governance (National Sports Bodies) Rules, 2026

Ambit of Federations recognized: Additionally, for e-sports, unlike traditional sports like football or badminton, there are multiple e-sports titles. It is unclear whether there will be a federation recognized in respect of each genre of e-sports, or e-sports as an overall category of game.

STEP 3 : REGISTRATION

Upon recognition under the NSG Act, an online game must be registered under PROGA to be offered as an e-sport. An 'online game service provider' is required to obtain registration under PROGA²⁶. This is defined as *"any person who alone or jointly, offers, operates, organises, manages or makes available one or more online game."*²⁷

In the context of online games, there is typically an operator that makes available an online game. However in respect of e-sports, there are multiple stakeholders that may offer, operate, organize, manage, or make available the game. These include:

	The publisher of the game / owner of the IP
	Tournament organizers
	Tournament sponsors
	App stores hosting the app through which the e-sport title is made available
	Platforms such as Twitch and Youtube on which the tournament is streamed

It should be clarified that in case of e-sport it would be sufficient for the tournament organizers to carry apply for determination and registration.

A FRAMEWORK IN PROGRESS

While the object of PROGA is to promote e-sports, as is clear from the above discussion, the framework for e-sports regulation under PROGA and the NSG Act, needs serious reconsideration.

²⁶ Rule 12, Rule 13, PROG Rules

²⁷ Rule 2(1)(h), PROG Rules

In the absence of regulatory guidance, gatekeepers such as App stores, financial intermediaries, and social media platforms will have to make complicated determinations on game classification as part of their due diligence processes before servicing e-sports in India.

Additionally, the regulatory framework under the NSG Act and PROGA requires imminent clarity, or relaxation from registration requirements till a framework develops. The NSG Act applies traditional sports governance criteria to e-sports, such as recognition of sports federation, representations of persons of sporting merit, which are inappropriate criteria for e-sports. PROGA, meanwhile, regulates e-sports as a category of online game, without having regard to the distinct manner in which e-sports tournaments are organized, involving multiple stakeholders rather than a single online game publisher. As India seeks to establish itself as a global hub for e-sports, clarification on the scope of e-sports, and the development of a workable registration mechanism, will be necessary for the objectives of PROGA to be realized. Until then, PROGA's commitment towards the promotion and growth of e-sports will remain a work in progress.