

MEMORANDUM

DATE	:	25 March 2025
TO	:	Tactpay Technologies Private Limited
FROM	:	Prateek Kumar Khaitan & Co. LLP
RE	:	Opinion on query pertaining to legality of online Rummy in India

1. INTRODUCTION

- 1.1. Tactpay Technologies Private Limited ("**Client**") is a private company registered under the provisions of the Company Act, 2013, having its registered office at Shop No. -32, Aligarh Corporate Plaza, Marris Road, Jha Compound Janakpuri, Aligarh Uttar Pradesh -202001.
- 1.2. The Client operates a website <https://rummypin.com/> ("**Website**") wherein a player after registering can play rummy online with other players. The players may also download the Rummy playing app ("**Rummy Pin App**") and play the game on their phone. The website provides information on its services. The Rummy Pin App and the Website serves as an ecosystem for card enthusiasts, allowing them to utilize their knowledge to play, earn, and engage with other players.
- 1.3. The Rummy Pin App and the Website offers a rummy card game ("**Rummy Card Game**") to its users, where they can experience a world-class Rummy experience. A typical user journey in relation to Rummy Pin App and the Website is set out below:
 - (i) As a first step, the user is required to download the Rummy Pin App offered by the Client from its Website.
 - (ii) Thereafter, the user has to register on the Rummy Pin App by entering details like name phone number etc.,.
 - (iii) The user can then select one match out of a plethora of match options following which, the user sees various contests.
 - (iv) To deposit money on the Rummy Pin App and , the user selects 'Add Cash', following which the user can choose the mode of payment (UPI, Bank transfer, Paytm etc.) to add the cash in the app wallet. The user then gets a confirmation message following which, the wallet is updated.
 - (v) The user must also verify their account. The user can select either bank transfer or UPI, where the money will be deposited. After the withdrawal amount is submitted, it may take some time for the user to receive the money. The user then receives a confirmation message indicating the user's successful withdrawal.

- (vi) The user may verify their account by way of KYC, by uploading the following documents- Adhaar card, PAN card and bank details. The KYC procedure may take some time. After verification is completed, the user shall receive a notification of the same. The user can also keep track of the process by clicking on the application status.

2. QUERY

- 2.1. The Client has requested our views on the legality of offering the game of Rummy on the Rummy Pin App.

3. APPLICABLE LAW

- 3.1. Under the Constitution of India, the state legislatures have been empowered to frame state specific laws on 'betting and gambling' under List II, Entry 34, Seventh Schedule.
- 3.2. The Public Gambling Act, 1867 (the "**Public Gambling Act**") extends, by virtue of enabling provisions to certain states and Union Territories in India¹. Further, a number of states have enacted legislation similar to the Public Gambling Act ("**Gambling Legislations**"). The Public Gaming Act and Gaming Legislations are collectively referred to as "**Gaming Laws**".
- 3.3. The Gambling Laws in India are prohibitory in nature. The Public Gambling Act provides for the punishment of public gambling and the keeping of 'common gaming house'². This is true for other Gaming Legislations as well which inter alia penalizes owning or keeping or having charge of a gaming house³ / common gaming house, for being found in common gaming house, etc. possession of any instruments of betting or records of betting⁴, furnishing of money for the purpose of gaming with persons frequenting common gaming houses.

"Common Gaming House" has been defined under Gaming Laws. As an example, it has been defined:

Under the Public Gambling Act to mean:

"any house, walled enclosure, room or place in which cards, dice, tables or other instruments of gaming are kept or used for the profit or gain of the person owning, occupying, using or keeping such house, enclosure, room or place, whether by way of charge for the use of the instruments of gaming, or of the house, enclosure, room or place, or otherwise howsoever⁵"

¹ Arunachal Pradesh, Andaman & Nicobar, Chandigarh, Chhattisgarh, Dadra & Nagar Haveli, Haryana, Punjab, Madhya Pradesh, Lakshadweep, Manipur, Mizoram, Tripura, Uttarakhand as stated in the Law Commission of India Report No. 276 [2022081655-1.pdf \(s3waas.gov.in\)](https://www.s3waas.gov.in/2022081655-1.pdf).

² Preamble to the Public Gambling Act.

³ Section 3 of Delhi Public Gambling Act, 1955

⁴ Section 8 of the Assam Game and Betting Act, 1970.

⁵ Section 1 of the Public Gambling Act.

Under the Andhra Pradesh Gaming (Amendment) Act, 2020 to mean:

“Common Gaming House means any house, room, tent, enclosure, vehicle, vessel, cyber space or any place whatsoever in which any instrument of gaming are kept or used for the profit or gain of the person owning, occupying, using or keeping such house, room, tent, enclosure, vehicle, vessel, cyber space or any place whether by way of charge, for the use of such house, room, tent, enclosure, vehicle, vessel, cyber space or any place or instruments of gaming or otherwise howsoever”⁶.

Under the Odisha Prevention of Gambling Act, 1955 to mean:

“any house, room, tent, enclosure, space, vehicle, vessel or place where gaming or gambling takes place or where instruments of gaming are kept or used for gaming or gambling therein”⁷.

“Instruments of Gaming” have also been defined under Gaming Laws. As an example, it has been defined:

Under the Jammu and Kashmir Public Gambling Act, 1997 to mean:

“Instrument of gaming includes any article used as a means or appurtenance of or for the purpose of carrying on or facilitating gaming”⁸.

Under the Andaman and Nicobar Islands Public Gambling Regulation, 1951 to mean:

“any card, dice counters, coins, gaming tables, gaming cloth, gaming board or other articles devised or actually used for the purpose of gaming”⁹

Under the Orissa Prevention of Gambling Act, 1955 to mean:

“instruments of gambling or gaming include an article used as a subject or means of or for the purpose of carrying on or facilitating, or in connection with gambling or gaming and any books, lists, tickets, forms or other documents used or intended to be used as a register or record or evidence thereof”¹⁰.

3.4. Certain states in India have amended their Gambling Legislations to define instruments of gaming to include “online electronic transfer of funds or transactions¹¹” and “computer, computer resource,

⁶ Section 2(1)(ii) of the Andhra Pradesh Gaming Amendment Act, 2020.

⁷ Section 2 (a) Orissa Prevention of Gambling Act, 1955.

⁸ Section 1(A) of the Jammu and Kashmir Public Gambling Act, 1997.

⁹ Section 2 (6) (a) of the Andaman and Nicobar Islands Public Gambling Regulation, 1951.

¹⁰ Section 2 (d) of Orissa Prevention of Gambling Act, 1955.

¹¹ Section 2(4) of the Telangana Gaming Act, 1974 and Section 2(4) of The Andhra Pradesh Gaming Act, 1974.

computer network, computer system or by mobile app or internet or any communication device, electronic application, software or any virtual platform¹²” and prescribe monetary penalties and imprisonment for offences.

- 3.5. States such as Andhra Pradesh¹³, Karnataka¹⁴, Tamil Nadu¹⁵, Telangana¹⁶, Sikkim¹⁷ and Nagaland¹⁸, have enacted legislation to expressly cover online gaming.
- 3.6. “**Gambling**” or “**gaming**”, as per most Gaming Laws, has been defined to include three key elements the (i) act of wagering or betting (ii) for money or money’s worth (iii) on a game of chance. The following exceptions have been made under most Gaming Laws for “gambling” or “gaming”:
- (a). Wagering or betting upon a horse race/dog race if such wagering or betting takes place in certain circumstances;
 - (b). games of *mere skill*; and
 - (c). lotteries.

As an example, it has been defined

Under the Orissa Prevention of Gambling Act, 1955 to mean:

“Gambling or gaming does not include lottery and means a play or game for money or other stake and includes betting and wagering and other act, game and contrivance by which a person intentionally exposes money or things of value to the risk or hazard of loss by chance¹⁹.”

Under the Nagaland Prohibition of Gambling and Promotion and Regulation of Gaming Act, 2016 to mean:

“Gambling” means and includes wagering or betting on games of chance but does not include betting or wagering on games of skill²⁰”

Where “Wagering” or “Betting” is defined as *staking of money or virtual currency, whether or not it is equivalent to a recognized currency²¹* .

¹² Section 2(11) of Karnataka Police Act, 1963.

¹³ Andhra Pradesh Gaming Amendment Act, 2020.

¹⁴ Karnataka Police Amendment Act, 2021.

¹⁵ Tamil Nadu Prohibition of Online Gambling and Regulation of Online games Act, 2022.

¹⁶ Telangana Gaming Amendment Act, 2017.

¹⁷ Sikkim Online Gaming (Regulation) Act, 2008.

¹⁸ Nagaland Prohibition of Gambling and Promotion and Regulation of Online Games of Skill Act, 2015.

¹⁹ Section 2(b) of the Orissa Prevention of Gambling Act, 1955.

²⁰ Section 2(1) of the Nagaland Prohibition of Gambling and Promotion and Regulation of Gaming Act, 2016

²¹ Section 2(5) of the Nagaland Prohibition of Gambling and Promotion and Regulation of Gaming Act, 2016

Under the Delhi Public Gambling Act, 1955 to mean:

“Gaming to include wagering or betting except wagering or betting upon a horse race when such wagering or betting takes place on the day on which such race is to be run and in an enclosure which the stewards controlling such race have with the sanction of the State Government set apart for the purpose, but does not include a lottery²²”.

- 3.7. In *Bimalendu De and etc. v. Union of India and Ors*²³ (“**Bimalendu Case**”) the Calcutta High Court examined the definition of “gambling” as provided in the Black’s Law Dictionary, 6th Edition and observed that “as per the dictionary meaning of gambling it is more than apparent that the essential element is wagering or betting”. It ruled that both these elements: wagering and betting were totally missing in the relevant game (the television show titled ‘Kaun Banega Crorepati’) and that nothing was at stake of the participant, and therefore it did not qualify as a case of gambling.²⁴
- 3.8. The Law Commission of India in July 2018 released its report on the “Legal Framework: Gambling and Sports Betting Including in Cricket in India”, Report No. 276 (“LCR”). The LCR has described betting and gaming as follows:

“Betting can simply be defined as an act of putting at stake a wagering amount (valuable or liquid cash) on the prediction of occurrence or non-occurrence of an event. It is always done against a second party who places his stake against the one placed by the first party. Neither of the parties that have put at stake their wagering amounts should have any control over the event on which the amount is wagered. On the other hand, gaming includes a game of chance or skill or a combination of both. Examples of such gaming activities would include Poker, Pool, Billiards, Fantasy Football, Internet Games, Crap, Roulette and Slot Machines.”

4. AMENDMENTS TO THE INFORMATION TECHNOLOGY (INTERMEDIARY GUIDELINES AND DIGITAL MEDIA ETHICS CODE) RULES, 2021 (“INTERMEDIARY RULES”) (AMENDMENTS ARE REFERRED TO AS “ONLINE GAMING RULES”)

- 4.1. In April 2023, the Union Ministry of Electronics and Information Technology (“**MeitY**”), by virtue of the rule-making powers available to the central government under the Information Technology Act, 2000 (“**IT Act 2000**”), implemented a new central legal framework for online gaming through amendments to the Intermediary Rules, its broad features are as follows:
- (a). **Introduction of Self-Regulatory Bodies (“SRBs”)**: These Online Gaming Rules propose a light-touch, co-regulatory regime whereby MeitY recognised, SRB’s will verify whether an “online real-money

²² Section 2 (1) (i) of the Delhi Public Gambling Act, 1955.

²³ *Bimalendu De and etc v. Union of India and Ors.*, AIR 2001 Cal 30 (Calcutta High Court).

²⁴ Paragraph 12, *Bimalendu Case*.

game” is to be made available to the general public or not in accordance with the baseline criteria prescribed by the Online Gaming Rules.

- (b). **Definition of Online Games:** The rules define online real-money games as games where users deposit money or virtual assets with the expectation of winnings. Permissible real-money games are those that are verified by a self-regulatory body (SRB) approved by MeitY.
- (c). **Duties of Online Gaming Platforms:** Online gaming platforms must register with an SRB and display their certification for legally permitted games. They are required to conduct KYC (Know Your Customer) verification of players as per RBI guidelines. Platforms must implement grievance redressal mechanisms and ensure that users are well-informed about the risks associated with online real-money gaming.

- 4.2. Thus, essentially the Online Gaming Rules attempt to regulate computer resources through which users can access online games (or in simple terms – an intermediary). Such intermediaries are defined as an “online gaming intermediary” (“OGI”) and the Online Gaming Rules prescribe intermediary due diligence obligations for them under the Intermediary Rules. Under the Online Gaming Rules, an online game can be a “permissible online game” if (i) it is not an online real-money game, or (ii) it is an online real-money game but is “verified” by an SRB in accordance with the baseline criteria prescribed by the Online Gaming Rules and any additional criteria prescribed by the SRB itself.
- 4.3. **Please note that** Rule 4B of the Intermediary Rules provides that the obligations under Rules 3 and 4 of the Intermediary Rules shall not apply in relation to online games until the expiry of a period of three months from the date on which at least three SRBs have been designated under Rule 4A. However, the Central Government, may at any time before the expiry of the said three months, by a notification, direct that the obligations under Rules 3 and 4 of the Intermediary Rules shall apply in relation to an online game from a specified date. However, as the SRBs have not been notified yet, the Online Gaming Rules won’t be applicable to the OGIs at present

5. STATE AMENDMENTS TO BAN GAMES OF CHANCE AND SKILL

- 5.1. Gambling Legislations typically distinguish between ‘games of chance’ and ‘games of skill’ in determining whether a game/activity falls within the ambit of gambling. Under such legislations, while the former is considered as ‘gambling’ and is prohibited, the latter is excluded from the ambit of gambling and is not prohibited²⁵. The distinction between game of chance and game of skill has also been emphasized upon in the LCR as the primary factor to be considered while distinguishing between gambling and gaming. This distinction does not apply in the following states

²⁵ For example, Section 11 of the Tamil Nadu Gaming Act specifies that no restrictions specified in the Act will apply to games of mere skill wherever played.

Prohibition on 'Games of Skill'

- (a). **Assam:** The Assam Betting Act prohibits all forms of betting or wagering on any game or sport, without distinguishing between a 'game of skill' and a 'game of chance'.
- (b). **Orissa:** The Orissa Gambling Act prohibits playing any games for money or other stakes and does not carve an exception for 'games of skill'.
- (c). **Andhra Pradesh:** The Andhra Pradesh Gaming Act, 1974 imposes a blanket prohibition on games played for stakes including skill games and online games.
- (d). **Telangana:** The Telangana Gaming Act, 1974 imposes a blanket ban and prohibits any games for money and has no exceptions for 'games of skill'.
- (e). **Arunachal Pradesh:** Though the Arunachal Pradesh Gambling (Prohibition) Act, 2012 creates a distinction between 'games of skill', it however, only allows it to the extent it is not played for money.

Requirement of License To Offer 'Games of Skill' For Money

- 5.2. While skill-based games are legal in most states in India, there are however certain state that has mandatory requirement of license for such online games:
- (a). **Nagaland:** Under the Nagaland Prohibition of Gambling and Promotion of Regulation of Online Games of Skill Act, 2015 ("**Nagaland Gaming Act**"), an operator needs to obtain licenses for games of skill conducted through online media which also includes Rummy. An annual licence fee for a game for the first three years is INR 10,00,000 (approx. USD 12,085) or INR 25,00,000 (approx. USD 29,802) for a bouquet of games and for the next two years an individual game licence is INR 20,00,000 (approx. USD 23,842) and INR 50,00,000 (approx. USD 59,605) for a bouquet. There is an additional royalty of 0.5% to be paid by licensees. The duration of the licence is five years, provided that all the terms and conditions are complied with. After five years, the licence may be renewed yearly subject to the payment of the licence fee. In case there is a delay in the payment of the licence fee, a penalty of 12% *per annum* will be imposed
 - (b). **Sikkim:** Recently, Sikkim notified the Sikkim Online Gaming Regulation (Amendment) The definition of a "gaming terminal" has been expanded to now expressly include "internet gaming terminal" and "URL" of the licensee (previously it was only limited to "intranet") thereby allowing licenced operators to offer their online games through these mediums to users based in Sikkim. The duration of the licence is one year unless it is surrendered or cancelled. The licence may be renewed on application for the same.

6. JUDICIAL INTERPRETATION OF GAME OF SKILL V. GAME OF SCHEME

- 6.3. The Supreme Court of India (“**Supreme Court**”) in the case of *State of Bombay v. RMD Chamarbaugwala*²⁶ (“**RMDC Case**”), evolved the ‘skill test’ to determine whether an activity constitutes gambling or not. It held that competitions which involve exercise of substantial degree of skill are not gambling activity by ruling that, “...a competition in order to avoid the stigma of gambling must depend to substantial degree upon the exercise of skill. Therefore, a competition, success wherein does not depend to a substantial degree upon the exercise of skill is now recognized to be of a gambling nature.”
- 6.4. In *M.J. Sivani and Ors. v. State of Karnataka*,²⁷ it was held by the Supreme Court that: “...it is not necessary to decide in terms of mathematical precision the relative proportion of chance or skill when deciding whether a game is a game of mere skill. When in a game the element of chance strongly preponderates, it cannot be game of mere skill.” The Court further observed that whether a game is a game of skill or chance or mixed will depend on the facts of each case.
- 6.5. The observations of the Supreme Court in *State of Andhra Pradesh v K. Satyanarayana*²⁸ (“**Satyanarayana Case**”) (discussed below) were relied upon in various subsequent judgements such as in the case of *Dr. K.R. Lakshmanan v. State of Tamil Nadu*,²⁹ (“**Lakshmanan Case**”), wherein the Supreme Court, while recognizing that, competitions where success depends on substantial degree of skill are not ‘gambling’ stated that despite there being an element of chance if a game is preponderantly a game of skill it would nevertheless be a game of “mere skill”. It held that “the expression “mere skill” meant substantial degree or preponderance of skill”. The Court also observed that “A game of skill, on the other hand – although the element of chance necessarily cannot be entirely eliminated – is one in which success depends principally upon the superior knowledge, training, attention, experience and adroitness of the player” (“**Lakshmanan Test**”).
- 6.6. In order to determine whether a game is a game of skill, Courts have analysed whether or not the element of skill required to play and win the game is preponderant over the element of chance (“**Dominant Factor Test**”). Where courts have concluded that there is a predominance of the element of skill over the element of chance, the game has been declared to be a game of skill.

7. PREDOMINANCE OF SKILL AND STATISTICAL EVIDENCE

- 7.1. In view of the above, it is clear that the courts while what qualifies as a game of skill, courts have relied on statistical analysis (“**Statistical Evidence**”) based on actual gameplay or mathematical calculations. These analyses demonstrate that skilled players consistently perform better than novices, reinforcing the conclusion that the element of skill predominates in the game.

²⁶ *State of Bombay v. RMD Chamarbaugwala*, AIR 1957 SC 699.

²⁷ *M.J. Sivani and Ors. v. State of Karnataka*, (1995) 6 SCC 289.

²⁸ *State of Andhra Pradesh v K. Satyanarayana*, AIR 1968 SC 285.

²⁹ *Dr. K.R. Lakshmanan v. State of Tamil Nadu*, (1996) 2 SCC 226 (Supreme Court).

- 7.2. In the *Satyanarayana Case (Supra)*, the Supreme Court of India explicitly recognized rummy as a game of skill. The Court observed that while there is an element of chance involved in the initial distribution of cards, the gameplay itself requires a substantial degree of skill, including memorization, strategy, and adaptability. The Court emphasized that rummy is different from games of pure chance because a player's success depends largely on their ability to track the cards played, assess probabilities, and make calculated decisions.
- 7.3. Similarly, in the *Lakshmanan Case (Supra)*, the Supreme Court reaffirmed that games where success is predominantly determined by skill do not fall within the ambit of gambling laws. The Court held that a game of skill is one in which success relies on superior knowledge, training, experience, and analytical abilities rather than pure luck. Applying this principle, rummy was again classified as a game of skill rather than a game of chance.
- 7.4. The Punjab and Haryana High Court, in *Varun Gumber v. Union Territory of Chandigarh and Ors*³⁰. (“**Varun Gumber Case**”), examined a similar principle in the context of fantasy sports, holding that games requiring judgment, strategy, and attention qualify as skill-based activities rather than gambling. The Court noted that experienced players develop a better understanding of the game's mechanics, enabling them to consistently outperform novices. The same reasoning applies to rummy, where players who develop skills in tracking cards, forming strategies, and managing risk have a statistically higher success rate.
- 7.5. Additionally, courts have recognized that rummy, like other skill-based games, requires consistent decision-making based on probability, observation, and memory. In the U.S. case of *United States v. DiCristina*³¹, statistical proof demonstrated that skilled players consistently outperformed less experienced players in poker, further solidifying the principle that games requiring strategic play and analytical thinking are skill-based rather than games of chance. Similarly, in rummy, experienced players demonstrate a marked advantage over beginners, reinforcing the classification of rummy as a game of skill rather than gambling.

8. JUDICIAL RECOGNITION OF RUMMY AS A 'GAME OF SKILL' IN INDIA

- 8.1. The legal status of rummy in India has been a subject of debate, particularly concerning its classification as a game of skill or chance. The classification of rummy as a game of skill rather than chance has been reinforced through various judicial pronouncements in India. The distinction between games of skill and games of chance is crucial in gambling legislation, as games of skill are typically excluded from the ambit of gambling laws. Courts have consistently applied the dominant factor test to assess whether a game involves a preponderance of skill over chance, thereby determining its legality when played for stakes.

³⁰ *Varun Gumber v. Union Territory of Chandigarh and Ors*, 2017 CrLJ 3827 (Punjab and Haryana High Court).

³¹ *United States v DiCristina*, 886 F.Supp.2d 164(E.D.N.Y. 2012).

- 8.2. The Supreme Court of India, in the case of “*State of Andhra Pradesh v. K. Satyanarayana (1968)*”, ruled that rummy is predominantly a game of skill and does not amount to gambling. The court recognized that while there is an element of chance due to the distribution of cards, the overall gameplay requires analytical thinking, memory, and strategic decision-making, making it a game of skill rather than pure chance. Further, in “*Dr. K.R. Lakshmanan v. State of Tamil Nadu (1996)*”, the Supreme Court reaffirmed that games of skill are distinct from gambling and do not fall under the ambit of betting laws.
- 8.3. The Madras High Court while recognizing Rummy as a game of skill in the case “*Junglee Games India Private Limited v. State of Tamil Nadu*”³² held that “*A game of skill on the other hand, may not necessarily be such an activity where skill must always prevail; however, it would suffice for an activity to be regarded as a game of skill if, ordinarily, the exercise of skill can control the chance element involved in the activity such that the better skilled would prevail more often than not.*” While keeping the above observation in view, the Hon’ble Court further held that “*There appears to be a little doubt that both rummy and poker are games of skill as they involve considerable memory, working out of percentages, the ability to follow the cards on the table and constantly adjust to the changing possibilities of the unseen cards*”.
- 8.4. Thereafter, the Madras High Court while deciding the constitutionality of the Tamil Nadu prohibition of online Gambling and Regulation of online Games Act, 2022 (“**Tamil Nadu Gaming Act**”) in the case “*All India Gaming Federation v. State of Tamil Nadu*”³³, observed that the Tamil Nadu Gaming Act is ultra vires as the definition of “online gambling” under Section 2 (i) of the said Act shall only be restricted to “games of chance and not games involving skill. In this regard, the Hon’ble Court while also relying on its *Junglee Games Judgement (Supra)* held that:

123. Having held that the State has got the authority to legislate on online games of chance, as gambling would be betting on the games of chance, it is not necessary to declare Sections 7, 8 and 9 of the impugned Act as ultra vires. As discussed above, it has been authoritatively held by the Apex Court in a catena of judgments, so also this Court that the games of rummy and poker are games of skill. The State has miserably failed to demonstrate that online games of rummy and poker are different and distinct from offline games of rummy and poker. The apprehension expressed by the State that bots may be used or the dealer (software) would know the cards are without any substantive material. In view thereof, the Schedule under Section 23, incorporating rummy and poker as games of chance, is set aside.

9. ANALYSIS

- 9.1. The judgments referred to in paragraphs of the present Opinion pertain to determination of ‘game of skill’ or a ‘game of chance’ based on various aspects of a game that can help evaluate if a game is predominantly skill based or chance based.

³² *Junglee Games India Private Limited v. State of Tamil Nadu*. 2021 SCC OnLine 2762

³³ *All India Gaming Federation v. State of Tamil Nadu*, 2023 SCC OnLine Mad 6973



9.2. The format of the game of Rummy is such that it forms under the definition of 'Game of Skill'. The legality of playing online Rummy with real money was discussed in the case of *State of Andhra Pradesh v. K. Satyanarayana (1968) (Supra)* and has been subsequently upheld by the various High Courts and the Supreme Court as discussed above.

9.3. Thus, the legal classification of rummy as a game of skill has been well established through various judicial pronouncements in India. Courts have consistently emphasized that success in rummy is determined not by mere chance but by a player's ability to apply skill in multiple ways. The following key judicial observations illustrate why rummy is considered a game of skill:

Considerable Memory

The courts have recognized that rummy requires players to retain and recall information about cards that have been played. A skilled player must remember the cards picked and discarded by opponents to predict their possible combinations and strategize their moves accordingly. This ability to process and store information is a cognitive skill that significantly influences the outcome of the game.

Working Out of Percentages

Rummy players apply mathematical and statistical principles to assess probabilities. Players must calculate the likelihood of drawing specific cards based on the remaining deck and their opponents' moves. This analytical approach requires an understanding of percentages and probability, distinguishing rummy from games of pure chance where no such calculations can impact the outcome.

Ability to Follow the Cards on the Table

Another critical skill is the need for constant observation and adaptability. A proficient rummy player must track every card played to anticipate the next possible moves. This requires not only attentiveness but also strategic planning to maximize winning chances while minimizing risks.

Adjusting to the Changing Possibilities of Unseen Cards

Courts have acknowledged that rummy players must continuously adapt their strategies based on the evolving game dynamics. Since only a portion of the deck is visible at any time, a skilled player must assess potential outcomes and adjust their approach accordingly. This aspect of real-time decision-making and flexibility further differentiates rummy from gambling, where outcomes are purely random.

9.4. Therefore, it is evident that Rummy appears to be a game where skill predominates the element of chance, and as such cannot be considered as 'gambling'. The fact that the users pay an entry fee for playing the game will not make this 'gambling' based on the Lakshmanan Case, as this is inherently a game of skill.

10. GENERAL RECOMMENDATIONS

- 10.1. Additionally, the Client may consider adopting measures recommended by the Law Commission in the LCR to promote responsible gaming. Such measures include
- (a). focusing on safety and protection of players indulging in skill-specific games;
 - (b). Register with SRBs, as per the recent **Online Gaming Rules**, if not done already.
 - (c). obtaining licenses for games, where applicable;
 - (d). capping the amount that an individual may invest in such games;
 - (e). conducting KYC of players and linking the cap to players' income brackets;
 - (f). restricting access to vulnerable sections of society by publishing the financial risks/exposure involved in such games and ensuring that all transactions are digital in nature.
- 10.2. Some other measures that may be considered by the Client in relation to responsible gaming are as follows:
- (a). adopting responsible gaming policies in order to minimize potential harm of promoting gambling addiction;
 - (b). adopting policies creating awareness among users regarding the pros and cons of gambling addiction related issues such as effect on mental health, effect of time spent on such games and impact of financial investment in such games; and
 - (c). collating statistical data on performance of skilled players verses performance of amateur players in a game to demonstrate where possible that skilled players perform better than amateur players.

11. QUALIFICATIONS AND ASSUMPTIONS

Our responses and analysis in this Memorandum are subject to the following qualifications and assumptions:

- 11.1. This Memorandum may not be relied upon by any other person other than the addressee, nor may the Memorandum or any part of the Memorandum be quoted or referred to in any document without our prior written consent.
- 11.2. This memorandum has been prepared solely on the basis of the information provided by the Client in the brief for opinion shared with us by way of email dated 10 March 2025. No other documents have been reviewed for preparation of the present memorandum.
- 11.3. This memorandum is limited to the matters expressly stated herein, and it is not to be extended by implication. Our view is in response to queries and based on the limited information shared with us.

- 11.4. We express no opinion regarding any financial or technical data or material or calculations in the documents.
- 11.5. The views expressed in this memorandum are our views, and a court, tribunal, judicial authority, or a regulator in India may differ in its analysis and adjudication and adopt a different view.
- 11.6. This memorandum is solely for the benefit of the Client and should not be relied upon by any other person or shared with any third party without our express written consent but may be disclosed in a court of law or if disclosure is required by any applicable law or regulation.
- 11.7. Our liability in relation to the advice extended under this memorandum shall not exceed the charge by us for issuance of this memorandum.

Yours faithfully
For **KHAITAN & CO. LLP**



(PRATEEK KUMAR)