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Govt's Online Money Gaming Ban Facing 1st Legal Challenge

A plea in K'taka HC by Head Digital Works says law violates right to livelihood, choice

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Mumbai: The law to ban all online real money games faced its first legal challenge within days of the hurriedly moved Bill receiving the President's assent.

Questioning the legislative competence of the Centre, Head Digital Works, the parent company of online gaming platform A23 that offers games like Rummy and Poker, has moved the Karnataka High Court seeking to stay on key sections of the Online Gaming Act, 2025. Justice HM Shyam Prasad said the court will hear the matter on August 31.

According to the petition filed this week, the Act is contrary to the principles laid down by the Supreme Court, and the rulings of the High Courts of Karnataka, Madhya and Kerala. The statute, it says, is against the settled legal position for close to seven decades that games of skill are legitimate business activities protected by Article 19(1)(g) of the Constitution and various laws passed on games of skill does not amount to gambling.

Describing the new law as arbitrary and unreasonable, the petitioners said that it imposes a restriction on freedom and violates the right to livelihood and choice. "As established by the Supreme Court, it is settled law that games of skill involving risking of money or otherwise are a legitimate business activity protected under article 19(1)(g) of the Constitution. Therefore, the State cannot completely prohibit such activities and any restrictions placed on these activities must be proportionate and reasonable, within the parameters of Article 19(1)(g)," says the petition.

Head Digital Works, with 500 full-time employees and corporate offices in Bengaluru and Hyderabad, also deals in e-commerce, multimedia, animation, web designing, and content marketing of related software. Chairvoor Group Inc, a Canadian private equity management firm, had invested in the company.

Officials in the gaming business have been pointing out that the activity is a state subject. In this context, the petition says that while Parliament has power over communication infrastructure like posts and telegraphs, telephones, wireless, and broadcasting, it does not extend

Rules of Play

- Gaming is a state subject; a central law can't ban it.
- Curbs freedom, violates the right to livelihood & choice.
- New law is arbitrary & unreasonable.
- The law only makes a 'vague distinction'.
- Govt has done a 'vague face'.

Petition also says Parliament has power over communication infrastructure like posts, telegraphs, telephones, wireless, and broadcasting.

However, it does not extend to regulating all content passing through these mediums.



to regulating all content passing through these mediums and all human activity conducted through these mediums. Online Rummy, according to the company, is no different from physical rummy other than the fact that the game is played distributed using the "random number generator" software that cannot be modified or tampered.

The sudden introduction and passage of the Act was a volte face by the government, said the petition. "Since inception, the online skill gaming sector has been recognised by the Union of India. Specifically, the Union Home Minister, in his 15 August 2024 Independence Day address, called gaming a 'big emerging market' and an 'opportunity' the very same year, he had interacted with top gamers in the Country, during which time he acknowledged that gaming has been taken up as a viable career option by young people," it claims.

The petition points out that on March 26, 2025, during a Lok Sabha debate, the minister concerned had stated that the question of banning online gaming would have to be addressed by state governments. The new Act distinguishes between e-sports, online social games, and online money games while imposing a blanket ban on the third category. However, the petitioner believes that the law only makes a "vague distinction" as "e-sports" has been narrowly defined with restrictive conditions that would be difficult to meet.

(With inputs from A23 founders/employees in Bengaluru)

HC to hear A23's petition against online gaming law

TIMES NEWS NETWORK

Bengaluru: The Karnataka high court will hear a petition on Saturday challenging the constitutional validity of the newly enacted Promotion and Regulation of Online Gaming Act, 2025.

The Centre stated that the law, which received the President's assent last week, seeks to curb addiction, financial losses and social harm caused by predatory gaming platforms luring users with false promises of quick wealth. Head Digital Works, which operates the gaming platform A23, filed the petition opposing several provisions of the Act, passed by Parliament during the monsoon session. The petition stated that the new law attempts to blur the distinction between games of skill and chance in defining 'online money game'.

The firm claimed that this disregard for established jurisprudence exceeds Parliament's legislative competence and constitutes arbitrary action. Additional-

Head Digital Works, which operates the gaming platform A23, filed the petition opposing several provisions of the Act. The petition stated that the new law attempts to blur the distinction between games of skill and chance in defining 'online money game'

ly, the petition deemed the definition to be overbroad, encompassing all online games involving monetary stakes.

While prohibiting the offering of online money games and related services, the Act also bans advertising related to such games, infringing on the right to free speech and the right to promote legitimate business, the petition stated.

Senior counsel Aryama Sundaram and Dhyana Chinnappa mentioned the filing before Justice BM Shyam Prasad on Thursday, who indicated that the matter would be taken up on Saturday. The petition also argued that the Act represents a sudden policy reversal for the gaming sector, particularly as the Union govt recently recognised online gaming as

part of the digital economy. A23, one of India's largest real-money gaming platforms, launched its online poker vertical in October last year and has since expanded user engagement through multiple tournaments, varied game formats, and desktop applications. The platform currently serves over 75 million users.

Recently, its parent company, Head Digital Works, acquired Deltatech Gaming—operator of Adda52, one of India's oldest online poker platforms—for Rs 491 crore. The law's impact has been sweeping across the industry. Media reports indicate that it erased 95% of Dream Sports' revenue and all of its profits, forcing companies such as Dream11, MPL, WinZO, and PokerBaazi to suspend money contests.

Chances of success of this legal challenge are quite less.

Survival is the instinct of every living being. Animals too have it, so do the humans.

The legal challenge posed to anti-gaming law (The Promotion and Regulation of Online Gaming Act, 2025) must be seen in the background of similar challenge posed some years to real estate law. When real estate law was passed in 2016, there was spate of litigation against it, initially in Bombay High Court and then in Supreme Court. But the law survived

the constitutional challenge. Reason was that building projects became big rackets. People lost their hard-earned money. A public welfare legislation had to be passed to protect home buyers. So is the case with anti-gaming law. Legislation has tried to balance the competing interests but at the same time to target illegal and immoral activity.

This is one of the laws where a fairly elaborate long title and twelve recitals have been inserted into the Act to

explain the purpose of legislation. The name of the Act itself suggests that legislature wants to promote online ethical gaming but in a regulated way. There is sufficient guidance for the court to interpret and implement the law. Regulatory machinery has been created to regulate online gaming.

The third and fourth recital in the Act recognises economic worth of the ethical gaming, and its potential to generate employment and its contribution to national economy. But at the same time, eighth and ninth recital highlights the dangers of unethical gaming. "... the unchecked expansion of online money gaming services has been linked to unlawful activities including financial fraud, money laundering, tax evasion, and in some cases, the financing of terrorism, thereby posing threats to national security, public order and the integrity of the State." "... considering the deleterious and negative impact on online money games on the individuals, families, society and the nation and given the technical aspects including the very nature of the electronic medium used for online money games, the algorithm applied and the national and transnational networks involved therein"

The sixth recital specifically highlights unethical use of AI through manipulated algorithms. "... such games often use manipulative design features, addictive algorithms, bots and undisclosed agents, undermining fairness, transparency and user protection, while promoting compulsive behaviour leading to financial ruin"

The seventh recital highlights how "youth and vulnerable groups" become victims through aggressive promotion of some online gaming activities which are unethical.

The Act separately defines "online game" and "online money game". It is online money game which has been targeted for prohibition. "No person shall offer, aid, abet, induce or otherwise indulge or engage in the offering *online money game* and online money gaming service."

Coming now to the specific issue whether game of skill has also been outlawed, perhaps it is not. The long title of the Act recognises e-sports and educational games. First recital also recognises the role of online activity in "cognitive development". The e-sports activities receive further pat by conferring power on the Central

Government “to recognise and register e-sports”.

Prima facie the Act is a wholesome legislation. It takes care of all relevant factors. It is uncomfortable only to those who have gone outside the limits fairness.

There is saying in our country, “जुआ किसी का न हुआ”. It is a bitter reality. All of us know the outcome of PUBG. Some decades ago, there were lottery stalls and even lottery markets in every locality in India. People became habitual to easy money through hope that they would win lottery. They used to throng lottery stalls with this false hope but the outcome was that they used to lose whatever little they had. It had to be stopped. Indian wisdom tells us to earn our livelihood by dint of our hard work. This bring contentment. We learn to live within our means. Short cuts to earn money quickly prove disastrous. Online gaming is

loaded with predefined algorithms. They are meant to help service provider, not the player. In this materialist word, nobody gives anything free. It is a myth. There is an Indian song, “गरज़परस्त जहाँ में वफ़ा तलाश न कर, ये शै बनी थी किसी दूसरे जहाँ के लिए”

Please do not bang your head unnecessarily against anti-gaming legislation by finding faults in it. It is a good legislation, let us accept it. Let us watch its working for some time and then see whether it requires any improvement.



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