

# Why games of skill don't come under gambling

Decoding 'game of skill' and 'game of chance'



Photo: Reuters

**New Delhi:** Do not bet on chance; hone your skills instead. Lessons of life apply to games and gambling in India as well.

Games of chance are banned in most states in India, while games of skill are kosher.

The fine distinction, drawn out previously by Supreme Court, came to the fore yet again on Saturday, when a [law](#) that recognizes online games of skill and licenses them took effect in Nagaland.

The Nagaland Act allows a host of online games, including chess, Sudoku, poker, rummy, virtual sports like cricket, football and fantasy sports league games, to be licenced and played. It allows only games of skill. The contours of the law are simple—if it's an online game of skill, you can apply for a licence and earn revenue from these games. No such luck for a game of chance.

What exactly is a game of skill as against a game of chance? Why is online betting prohibited but online sudoku is alright? Here's a go-to glossary of terms that could help decode the law:

## Game of skill

A game of skill is when the player invests his/her time in learning, practising and honing a skill. The Supreme Court noted that games of skill would be where "success depends principally upon the superior knowledge, training, attention, experience and adroitness of the player". Most games can be a combination of skill and chance, but skill has to be the predominant factor in these games.

Games of skill are outside the purview of gambling, and are not prohibited.

## Game of chance

These games depend more on factors like luck and unpredictability of the final outcome of the game. The apex court said that in these cases, the results are "wholly uncertain and doubtful".

Games of chance are considered gambling.

## Gambling

According to a [paper](#) published by law firm Nishith Desai Associates, gambling, as per most laws, means "the act of wagering or betting for money or money's worth".

The Supreme Court excluded betting on horse races and games of skill like rummy from the meaning gambling. It further said that gambling couldn't be considered trade or business under fundamental rights.

Hosting or managing houses (called "common gaming houses"), where games of chance are played, are offences in most states. This would extend to those who frequent these houses to gamble.

Odisha and Assam have prohibited the act of gaming itself, making the individual liable.

## Court decisions

There are three significant decisions of the Supreme Court, which defined the gaming and gambling laws in the country.

In the case of R.M.D. Chamarbaugwala versus Union of India (1957), the apex court said that for games where there was a certain level of skill involved, it wouldn't be considered gambling.

The case of the State of Andhra Pradesh versus K. Satyanarayana (1968) was significant, as it allowed the establishments (and by extension, websites) to collect a small fee for maintaining and running the same for games of skill, like rummy. This case also said that rummy involved considerable skill and was not a pure game of chance.

In 1996, the apex court ruled that horse racing was a game of skill, and, accordingly not gambling, in the case of K.R. Lakshmanan versus the State of Tamil Nadu.

Last year, the apex court dismissed petitions which dealt with the question of whether online rummy played with stakes could be gambling (for reasons that it was beyond the purview of the case). This ensured that older judgments still held their value as sound precedents.