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**Sub: Legal Opinion for the game "Slingo Based Skilled Number Matching Games"**

**The Querist:**

AvatarLife

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**AvatarLife:**

We understand that AvatarLife, a virtual world where any person can create an account, customize a character in the world and engage in activities provided by the platform such as building a virtual house, visiting different worlds inside of AvatarLife. One of such activities include gaming in the virtual skill gaming parlor which hosts a plethora of games and few of such are considered illegal/prohibited/banned in certain countries and regulated in few. It is understood that in some, the player will be playing against the House and in the rest, against a player. Further, in order to participate in the games, the player needs AV coins (a virtual coin where 1 dollar = 250 AV Coins). The player subscribes to the AV coins by converting real money and using it on activities across the virtual world. The player is free to withdraw the amount as currency on demand.

**The Query:**

"Whether AvatarLife can legally host Slingo Based Skilled Number Matching Games, which resembles games like Bingo, Slot Machines, etc and purely

involves the players randomly spinning the reels or dice to match symbols on the spinning wheel and stopping on a number by chance? What are the restrictions that are imposed on a gaming platform that hosts such games?” We have comprehensively analysed the laws surrounding the game as given below:

**Introduction:**

Online gaming in India is subject to a complex web of laws and regulations, both at the Central and State levels since the country is beginning to adjust to the varied dynamics of the rapid internet penetration. The laws are not yet rigid, and there exists no act that fits all.

In this legal opinion, the laws of the country are comprehensively analysed to capture the legal landscape surrounding online gaming in India, with specific focus on **“Slingo Based Skilled Number Matching Games”** in AvatarLife Platform, and the compliances that are required for its establishment and unhindered sustenance in the country.

Game of chance are frowned upon in India due to various cultural, religious and legal factors. Gambling is viewed as a morally corrupt activity that leads to addiction, financial ruin, and social unrest due to factors of luck and uncertainty. The British colonial law ‘The Public Gambling Act’ of 1867, which is still in effect, criminalizes certain forms of gambling, including betting and running a Gaming House. With the increasing popularity of online gaming in India, the legality of the online versions of the games which are traditionally construed as gambling is creating a complex and often contradictory legal landscape in different parts of the country. In recent years, there has been some loosening of restrictions on certain types of gambling, particularly online gaming, though few parts of the country are yet to wrap around the definition and interpretation of the online game of chance and game of skill. The air around the legal status of these activities remains uncertain. Overall, betting and game of chance are viewed with suspicion in India due to a combination



of cultural, religious, and legal factors, but the situation is evolving and may continue to change in the future.

**Legality of Game of Chance/Skill:**

In India, online games are subject to various laws and regulations, depending on their nature and platform in which they are played. Governing of online games differs from state to state, however, Central Acts remain indifferent towards game of skill and merely regulate them. The Central and State laws are discussed hereunder.

**I. Central Acts – Legal Analysis:**

<p><i>The Public Gambling Act, 1867</i></p>	<p>A Central law that prohibits public gambling, operating and visiting common gaming houses in India. The Act does not specifically mention online gambling or games. However, some of its provisions have been interpreted to apply to online gambling as well.</p> <p>It provides for penalties for those who participate, manage, or assist in such activities. Therefore, playing any form of online game that involves gambling or wagering real money could be considered illegal under this Act.</p> <p>The Indian Courts have distinguished between the game of skill and game of chance and has excluded games like rummy and poker from gambling since they involve high amount of skill.</p>
<p><i>Information Technology Act, 2000</i></p>	<p>An Indian legislation that provides legal recognition to electronic transactions and governs the use of electronic records and digital signatures. In relation to online games, the IT Act provides for the regulation and punishment of various offences that can be committed through</p>

	<p>the use of computer systems or electronic communication devices.</p>
<p><i>Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021</i></p>	<p>The Rules were introduced to regulate the functioning of digital media, including online games subject to the provisions of the Information Technology Act, 2000, which includes provisions related to online gambling and cybercrime.</p> <p>The Rules mandate that the online gaming platforms must have a grievance redressal mechanism, age verification etc and other such compliances before onboarding.</p>
<p><i>Payment and Settlement Systems Act, 2007</i></p>	<p>An Indian legislation that provides for the regulation and supervision of payment and settlement systems in India. The Act establishes the Reserve Bank of India (RBI) as the primary regulator of these systems.</p> <p>The Act does not specifically address to online games but has implications on the payment processing related to it, the payment and settlement system that facilitates transaction in the platform will be governed by this act.</p> <p>Under the Act, the platform must obtain RBI authorization to operate in India and follow certain guidelines related to security, risk management, and consumer protection and dispute resolution.</p> <p>Payment processing is a critical factor in determining the legality of the online games.</p>
<p><i>Master Direction on Digital Payment Security Controls – RBI Guidelines 2021</i></p>	<p>It mandates the payment processing companies to secure and assess the risk associated with online gaming transactions, stronger authentication, track suspicious transactions, to maintain records of all online gaming transaction for a period of at least 10 years etc.</p>

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	It also mandates an online gaming platform to ensure that the customer payment information to be stored securely.
<i>Income Tax Act, 1961.</i>	Online gaming platforms are required to pay tax on their revenues at applicable rate.
<i>Goods and Services Tax (GST) Act, 2017</i>	The GST rate for online gaming varies depending on the nature of game with skill-based games attracting lower rate of tax.
<i>Finance Bill, 2023</i>	Budget 2023 has removed the threshold for TDS on online gaming winnings.

**II. State wise Legal Analysis:**

S.No.	States and Union Territories	Relevant Acts and Regulations	Legality of Game of Skill
1.	Andhra Pradesh	Andhra Pradesh Gaming Act, 1974 read with Andhra Pradesh Gaming (Amendment Act) 2020	<b>Illegal</b> Challenge pending with the High Court and the High Court has ordered forming of a committee to determine if online games are games of chance or skill.
2.	Andaman and Nicobar Islands	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between

			game of skill and game of chance and laid down test to determine the same.
3.	Arunachal Pradesh	The Arunachal Pradesh Gambling (Prohibition) Act, 2012	<b>Illegal</b> Though the state differentiates between game of skill and game of chance but prohibits all forms of games involving real money.
4.	Assam	The Assam Game and Betting Act, 1970	<b>Illegal</b> Any form of game that involve betting are banned.
5.	Bihar	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
6.	Chandigarh	Public Gambling Act, 1867	<b>Legal</b> As it still follows the central act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.

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7.	Chhattisgarh	Chhattisgarh Gaming (Prohibition) Act, 2022	<b>Illegal</b> The Bill was passed in March 2023, bans all forms of online betting, attaching, paying or receiving money, prizes therefore banning illegal extraction of money. But it makes a distinction between game of skill and game of chance
8.	Dadra and Nagar Haveli and Daman and Diu	Goa, Daman and Diu Public Gambling Act, 1976	<b>Legal</b> Since it does not treat online gaming in the purview of "Gambling house"
9.	Delhi	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
10.	Goa	Goa, Daman and Diu Public Gambling Act, 1976	<b>Legal</b> Since it does not treat online gaming in the purview of "Gambling house".

11.	Gujarat	The Gujarat Prevention of Gambling Act, 1887	<b>Illegal</b> In <i>Dominance Games Pvt Ltd. V. State of Gujarat</i> ruled poker as game of chance. An appeal is pending before the Division Bench of the High Court
12.	Haryana	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
13.	Himachal Pradesh	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
14.	Jharkhand	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have



			distinguished between game of skill and game of chance and laid down test to determine the same.
15.	Karnataka	The Karnataka Prevention of Gambling Act, 1961	<b>Legal</b> An Amendment in 2021 declared poker as gambling and banned the online game. Later it was struck down by Karnataka High Court and an appeal is pending before the Supreme Court
16.	Kerala	The Kerala Gaming Act, 1960	<b>Legal</b> In 2021, the Kerala High Court struck down the ban imposed on online games, but there is a speculation that online real money games may soon be declared illegal.
17.	Lakshadweep	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.

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18.	Madhya Pradesh	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
19.	Maharashtra	Maharashtra Prevention of Gambling Act, 1887	<b>Legal</b> Though it is uncertain as to the stand of the Government as to whether online rummy, online poker etc, are game of skill or game of chance. A writ petition is pending before the Division Bench of High Court.
20.	Manipur	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
21.	Meghalaya	Meghalaya Regulation of	<b>Legal</b>

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		Gaming Rules, 2021.	The Schedule C has specifically categorized Poker as a game of skill. Further, the gaming rules has been struck down recently.
22.	Mizoram	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
23.	Nagaland	Nagaland Prohibition of Gambling and Promotion and Regulation of Online Games of Skill Act, 2016	<b>Legal</b> Wagering and betting in Game of skill excluded from gambling. Game of skill as determined by Indian and International Courts. Poker in the Act under schedule A is categorized as Game of Skill
24.	Odisha	The Odisha Prevention of Gambling Act, 1955	<b>Illegal</b> All forms of gambling are banned, no difference between game of chance or game of skill

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25.	Puducherry	Public Gambling Act, 1867	<p><b>Legal</b></p> <p>As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.</p>
26.	Punjab	Public Gambling Act, 1867	<p><b>Legal</b></p> <p>As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.</p>
27.	Rajasthan	The Rajasthan Public Gaming Ordinance, 1949	<p><b>Legal</b></p> <p>A writ has been filed in the name of <i>Myteam11 Fantasy Sports Private Limited Vs. Union of India</i>, pending disposal where the legality of online games has been challenged and a bill namely Rajasthan Virtual Online Sports (Regulation) Bill 2022 is pending approval.</p>

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28.	Sikkim	Sikkim Online Gaming (Regulation) Act, 2008	<b>Legal</b> License to be obtained which will be valid for a maximum of 5 years. Regulates, does not restrict or ban.
29.	Tamil Nadu	The Tamil Nadu Prohibition of Online Gambling and Regulation of Online Games Ordinance, 2022	<b>Illegal</b> Prohibits online gambling and online games of chance played for money or other stakes including Poker and Rummy.
30.	Telangana	Telangana Gaming (Amendment) Act, 2017	<b>Illegal</b> The Word Cyber Space inserted to give it an equal meaning to a gambling house. Challenge pending before High Court
31.	Tripura	The Tripura Gambling act, 1926	<b>Legal</b> Does not prohibit games of skill.
32.	Uttar Pradesh	The Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between

			game of skill and game of chance and laid down test to determine the same. It is expected to regulate online games in the future.
33.	Uttarakhand	Public Gambling Act, 1867	<b>Legal</b> As it still follows the Central Act and various Supreme Court judgements, have distinguished between game of skill and game of chance and laid down test to determine the same.
34.	West Bengal	West Bengal Gambling and Prize Competitions Act, 1957	<b>Legal</b> Excludes poker from the definition of gambling.

**Legal – 26/34**

**Illegal – 8/34**

**III. Legal Principles on “Game of Skill or Game of Chance”:**

It is illegal to conduct or participate in a game that involves wagering or betting provided the outcome of the game is determined largely by chance rather than skill.

In the landmark Supreme Court judgment in ***State of Bombay v. R.M.D. Chamarbaugwala, (1957) SCR 874***, the Court held that games of skill are those "in which success depends principally upon the superior

knowledge, training, attention, experience and adroitness of the player" while games of chance are those "in which success depends primarily on the fortuitous or accidental element". Games such as Golf, Chess and even Rummy have been considered as a game of skill.

In the case of ***State of Andhra Pradesh v. K. Satyanarayana, AIR 1968 SC 825***, the Hon'ble Supreme Court laid down legal framework for determining whether a game is of chance or skill, also known as the "Dominance Test". They are:

- The element of chance in the game must not be predominant.
- The game should be primarily based on the skill of the players.
- The skills required to play the game should involve a substantial degree of mental skill.
- The game should be played on a physical form and not through a machine or computer.

This test is applied even presently, in determining the probability of skill and chance in online games. The Karnataka High Court in ***M.J. Sivani & Ors. v. State of Karnataka & Ors (2018) 2 SCC 791*** applied the Dominance Test to determine whether the online game of Rummy was a game of chance or a game of skill. On application of the test, the Hon'ble Court ruled that online game of Rummy is a game of skill and will be exempted from Section 13 of Karnataka Gambling Act, 1974, but with a condition that no stakes were to be involved.

In ***Gaussian Networks Pvt. Ltd. v. Monica Lakhanpal & Ors., (2019) 3 SCC 614***, an online website "adda52.com" was hosting various games including Poker which involved money as well as free games for the users. It was challenged on the ground that the website was running illegal gambling activities and was in violation of various state laws. The issue was whether the games offered were games of skill or chance and whether the website was running legally. Applying the Dominance Test laid in the



***State of Andhra Pradesh vs K. Satyanarayana***, the Hon'ble Court held that it is game of skill not merely a chance. The Court also referred to the expert committee report and opined that poker is a game of skill. And thus, held that the website was not involved in any gambling or illegal activities as defined under the Information Technology Act, 2000 and thus doesn't attract any penal action.

**IV. Legal Principles on "Online Real Money-game":**

This can be defined as an online game where a user makes a deposit in cash or kind with the expectation of earning winnings on that deposit.

The Indian courts and state laws does not prohibit a game of chance being played online as long as it does not involve money of cash or kind but prohibits a game of skill when played for money. In that scenario the game is construed to that of betting or gambling. Some states outright ban the game as well any money that is involved.

Whether or not a particular online game is legal or illegal depends on whether it is a game of skill or chance and whether the money involved is a prize or reward or a bet. The payment processing also affects the legality of the game; for instance, the payments to and from the platform must only be through an authorized channel of RBI, if not, the game is considered to be illegal.

**The Game - "Slingo Based Skilled Number Matching Games":**

"Slingo" and its different versions and adaptations are games that require skill from players. In these games, players must employ various strategies to earn points and bonuses with the objective of surpassing a pre-defined score goal.





The term "Slingo" is a combination of "slots" and "bingo," indicating that the game incorporates elements from both.

In the game of Slingo, players go through a set number of primary rounds. Between these rounds, there is a possibility of wheel spins and bonus rounds, which are based on how skilfully the player performed in the primary rounds. The game is played on a playboard, which consists of tiles arranged in rows and columns. The original playboard is 5 columns by 5 rows, but there are variations with 4 by 4 or 3 by 3 boards.

At the bottom of the playboard, there is a row of tiles called the Playing Field. The Playing Field represents possible moves for the player. Each tile on the playboard contains a number, while the tiles in the Playing Field can be numbers or special value tiles. Players match the numbers or special value tokens from the Playing Field with the numbers on the playboard. In each round, there is at least one guaranteed move, meaning there will be a numbered tile in the Playing Field that matches a tile on the playboard. When numbers are matched, the corresponding tile is removed from the playboard, and the matched tile on the Playing Field and that particular tile cannot be used again. To advance to the next round and receive new options in the Playing Field, players can click on the Playing Field. If an entire row or column is cleared on the playboard, the player is rewarded with bonuses such as additional points or an extra wheel spin. Points are earned by players for each matched number, completed line, and full board. When deciding how to use the options in the Playing Field, players must choose between going for guaranteed amounts or taking a chance with a wheel spin, which provides a random point value from a pre-established set of options.

***I. Legal Analysis of the game:***

Slingo Based Skilled Number Matching Games combines elements of skill and chance, but the dominant factor is skill, since the players have



control over their choices and decision-making. They need to strategize and decide which numbers to match, how to use the special value tiles, and whether to go for guaranteed amounts or take a chance with the wheel spin. These choices require skilful thinking and planning to maximize their score and progress in the game.

While there is still an element of chance involved in the random numbers generated by the wheel spins and the initial arrangement of tiles on the playboard, the skilful decisions made by the players can significantly impact their performance and outcomes. The ability to clear entire rows or columns for bonuses and the point values earned through effective use of the Playing Field options are within the players' control.

Thus, the skill appears to be the more dominant factor, as players must navigate various strategies and choices to beat the score goal and achieve success in the game. Based on the analysis of the rules of the game it appears that the game has certain elements that could be considered as requiring skill. There are several elements of skill in the game that can influence the outcome and potentially surpass the element of chance:

- Strategic Decision-making: Players need to make strategic decisions on which numbers to match on the playboard. Choosing numbers strategically can help maximize the chances of completing lines or the entire board, earning bonus points, and progressing in the game.
- Effective Use of Special Value Tiles: The skill lies in utilizing the special value tiles wisely. Knowing when to use tiles that can match any number, reroll the Playing Field, or provide other benefits can greatly impact the gameplay and increase the chances of scoring more points.

- **Risk Assessment:** Players need to weigh the risks and rewards of using the available options in the Playing Field. Deciding whether to go for guaranteed amounts or take a chance with the wheel spin involves assessing the potential outcomes and evaluating the probabilities of different point values.
- **Adaptability and Planning:** Skilful players will adapt their strategies based on the current state of the playboard and the Playing Field. Planning and considering future moves can help optimize the chances of achieving higher scores and completing lines more efficiently.

These elements require players to think critically, make informed decisions, and adapt their gameplay based on the available options and the goals of the game. By employing these skills effectively, players can increase their chances of achieving higher scores and beating the score goal.

## **II. Dominant Factor Test:**

In the case of ***State of Andhra Pradesh Vs. K. Satyanarayana and Others***, the Supreme Court laid down the "Dominant Factor Test" to determine whether a game is a game of skill or a game of chance. The test requires the court to determine the dominant factor in the game, which is the factor that has the greatest impact on the outcome of the game.

Slingo Based Skilled Number Matching Games involve a combination of skill and chance elements. To determine whether it qualifies as a game of skill or chance, we can analyse it based on the test laid down in the *State of Andhra Pradesh v. K. Satyanarayana case*.



- The game involves a significant amount of decision making and strategy on the part of the player. The player must decide whether to go for guaranteed amounts or take a chance with a wheel spin, which involves analysing the potential risks and rewards of each option.
- The player's performance in the primary rounds directly impacts their ability to earn bonuses in the subsequent rounds. This means that the player must use their skill and strategy in the primary rounds to maximize their chances of earning bonuses in the later rounds.
- The game involves an element of chance, as the options available in the Playing Field are randomly generated. However, the player's skill in matching the numbers and special value tiles from the Playing Field with the tiles on the playboard determines their overall score.
- The player's score is based on the number of matched numbers, completed lines, and full boards. This means that the player must carefully plan and execute their moves to maximize their score.
- Overall, Slingo Based Skilled Number Matching Games involves a significant amount of skill and strategy on the part of the player, and their decisions directly impact their ability to earn points and bonuses in the game. While chance is a factor in the game, the player's skill and decision-making ability are the primary determinants of their success in the game.

**Skill Element:** Slingo Based Skilled Number Matching Games incorporates various skill-based elements, such as the ability for players to strategize and make decisions. Players must navigate the playboard,



assess the available options in the Playing Field, and choose the best moves to maximize their score. Matching numbers requires the player's ability to analyse the board, make quick decisions, and plan ahead.

**Chance Element:** While there are skill-based components, there are also chance elements present in the game. The random allocation of tiles in the Playing Field and the outcome of wheel spins introduce an element of unpredictability. The specific point values assigned to wheel spins and the options in the Playing Field are determined by chance.

Considering these factors, it can be argued that Slingo Based Skilled Number Matching Games combines skill and chance. The player's skill in decision-making, strategy, and managing the available options influences their performance and ability to achieve higher scores and the player has a chance to improve his skills and get better since a skilled player can beat a newbie in this game because of the strategies. However, the chance elements, such as the random allocation of tiles and the outcomes of wheel spins, also play a role in the game.

**Conclusion:**

On thorough analysis of the Central and State laws, and by applying the rules of the game to the existing laws, the conclusion drawn for the question “Whether AvatarLife can legally host Slingo Based Skilled Number Matching Games, which resembles games like Bingo, Slot Machines, etc and purely involves the players randomly spinning the reels or dice to match symbols on the spinning wheel and stopping on a number by chance?” and “What are the restrictions that are imposed on a gaming platform that hosts such games?” is that India is in the beginning stages of analysing the effects of different internet modules that engage the citizens of the country and assessing how it will affect their well-being. The situation around establishing the platform in



India is subject to the provisions of the Central and State law as mentioned above.

Hence, in view of the above discussions and analysis we are of the opinion that India as a country is welcoming of games of skill and has also framed the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, to accommodate the platforms subject to their regulations and provisions. It is advised that the states mentioned as illegal above may be geo-fenced and excluded from access to the game and it is further advised that the platform may remain flexible to change in the near future if there are any changes in the law of the land. Further, it is also advised that before establishing the platform in India, the necessary regulations laid down in the Acts and Rules as mentioned above shall be complied with, along with getting an authorised payment processing system to avoid legal complications.

Games such as Roulette, Blackjack, etc are banned outright, since they are games of chance, Thus, Slingo Based Skilled Number Matching Games which is appears like a game of chance on a peripheral glance, while actually involving a skill, might have its own set of complications and challenges to be proved as one. Hence, it is advised to have a disclaimer differentiating/establishing it as a game of skill prior to the player starting the game to avoid speculation.

The query is answered accordingly.



**Shuha.S**

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Note:

- This legal opinion or its part shall not be used or referred to in any of the pleadings before any Court of Law; a copy of this opinion shall be kept in your office file. No other person/entity/department may rely upon it for any purpose without the previous written consent of the above signed.
- This legal opinion has been rendered based on the law as it stands on date and is based upon the facts and documents supplied by the querist, and it has been rendered to the best of ability.

