

From Skill to Stake: Constitutional, Fiscal and Federal Reconstruction of Online Gaming Law in India After Junglee Games and Gameskraft

Apurva Mishra¹, Dr. Shubham Sharma^{2*}, Prof. (Dr.) Mohd Imran³

¹UILS, Chandigarh University, Punjab-India

^{2*}Assistant Professor, Department of Law, Manipal University Jaipur, Jaipur, Rajasthan-India

³Professor of Law, Maulana Azad National Urdu University, Hyderabad-India

Abstract:

India's internet gaming law has entered a new conceptual era. The legality of a game depends on the predominance test; games where skill matters more than luck shouldn't be treated as gambling and may be legally protected as lawful or legitimate business activities. The Supreme Court's twin verdicts of 27 May 2026 in *State of Tamil Nadu v. Junglee Games India Pvt. Ltd.* and *Directorate General of Goods and Services Tax Intelligence (HQs) v. Gameskraft Technologies Pvt. Ltd.* held that the state's constitutional power to make laws on betting and gambling under Entry 34 of List II applies to betting. It also supports state rules against unfair and disproportionate taxation, even if a match is anticipated to be skill-based; when a player places money or anything that has some monetary value or when transactions occur, the tax rules for that action could not change because the contest is based on skill rather than luck. This judicial verdict, when paired with the promotion and regulation of the Online Gaming Act 2025, suggested a shift from labelling the games to supervising the financial risk. The authentic skill versus chance test is still in use, and it is no longer restricted. Though skill remains central to the game, profit-driven concerns now shape regulation, and enforcement is driven by injury. This structure can be modified into a risk-based financial framework where safety standards serve as loss-prevention assets, even though it is an improvement over the previous basic model. Though talent is still needed for the sport, the rules of play are now determined by financial risk, and official action is justified when there has been physical harm. Even though this new structure makes more sense than the prior two-part regulation, it presents a legal question: how can national internet gaming legislation coexist with state authorities over betting? The paper recommends a new model that separates game classification, platform-specific conduct, user harm and legislative proficiency rather than putting all gaming conflicts into a single skill versus chance assessment.

Keywords: The PROGA 2025, Gaming Classification, Skill vs Chance, Supreme Court, Lawful Activities.

1. INTRODUCTION

For many years, the regulation of internet gaming in India has remained a seemingly obvious question: Whether the activity is a game of skill or a game of chance? Long before mobile phones, virtual worlds, AI- powered matchmaking, and fast digital payments were commonplace, this distinction originated from constitutional and gambling-law jurisprudence. The traditional doctrinal underpinnings were provided by *State of Bombay v. R.M.D. Chamarbaugwala*, *State of Andhra Pradesh v. K. Satyanarayana*, and *K.R. Lakshmanan v. State of Tamil Nadu*. Together, these cases framed a legally distinct area for skill-based activity that is distinct from gambling and proved that the pure existence of chance should not transform an activity where skill prevails into gambling [1][2][3].

The economic and scientific pressure that has built up against the older framework is clearly identified by this research paper. Real-money-based models now interlink entertainment to bank accounts, payment systems, commissions, frequent games, and incredibly large financial flows. The gaming market of India has expanded into a huge digital industry. This paper addresses the issues related to unlawful gaming, monetary risk, and addictive behaviour, utilising public health scholarship [4] and FICCI- EY [5] to demonstrate the significance of this market. In simpler words, the fundamental nature of the game is no longer the only aspect of the legal problem. The authorities are being forced to deal with the agreement more and more.

A significant change in this approach was made on May 27, 2026, with two rulings from the Supreme Court. The claim that wagering on a game of skill inevitably falls outside of "betting and gambling" under Entry 34 of List II was rejected by the Court in *State of Tamil Nadu v. Junglee Games India Pvt. Ltd.* Even in cases where the actual game requires skill, it considered staking on an uncertain result as another regulatory matter and confirmed the contested Tamil Nadu and Karnataka enactments [6]. On that day, the Court applied the Junglee Games's statutory-based reasoning to the GST concerns over online gambling and actionable claims in *Directorate General of Goods and Service Tax Intelligence (HQS) Vs Gameskraft Technologies Pvt. Ltd.* [7]. The connection is made clear by Gameskraft: even in cases where the actual game could be constitutionally important for the legislative and financial handling of betting.

This shift appears at the legislative level in Parliament's Promotion and Control of Online Gaming Act, 2025 ("PROGA"). It prohibits the availability of internet-based money, services like Gaming, online advertisements, and cash transfers; it distinguishes games involving money, digital sports and online social media games [8].

That's why the Act is not only an additional law related to gambling. It is a national framework for digital gaming that considers financial betting as the main barrier between what is supported or permitted and what is not allowed. A novel understanding of these incidents is offered in this work. Its primary claim is that the binary skill versus chance model is not enough to explain Indian gaming frameworks. Four important questions will assist the evolving framework: the essence of the game, the nature of the stake, transaction-based harms, and the fundamental source of legislative authority.

This split has legislative form by Junglee Games, economic effect by Gameskraft, and national legal form by PROGA. The fundamental claim is also affected by this reconstruction. The labelling of an activity as a game of skill can be frequently used by industry claims before Junglee Games as a means of gaining constitutional waivers. That concept is no longer applicable after Junglee Games. Since the State is not required to recognise the regulatory examination, Articles 14 and 19(1)(g) are still applicable. The most severe issues currently include fair and reasonable classification, the link between legitimate stake and visible harm, and the distribution of authority between the state legislatures and Parliament.

2. Methodology

This study employs a doctrinal legal research approach with policy analysis as a supplement. The Indian Constitution, the Central Goods and Services Tax Act, 2017 and associated regulations, PROGA 2025, the traditional Supreme Court authorities on skill and chance, and above all the ultimate Supreme Court rulings in Junglee Games and Gameskraft are its main sources. Scholarly work on Indian gaming jurisprudence, GST, Centre-State competence, fantasy sports, responsible gambling, and public health, along with the industry reports it depends on, make up the majority of its secondary literature.

The study explores what judicial issues each section of authority truly addresses instead of determining whether the current issues "prevail" over the older skill cases. This distinction is significant. A conclusion about legislative ability doesn't by itself, solve every rights-based challenge. An inference about the basic property of rummy is not the same as a conclusion about independent wager that is placed on rummy; and a decision that an act is wagering for one legal purpose does not necessarily resolve its assessment under a monetary law.

3. The Limitation Of The Traditional Skill-Chance Doctrine

The best place to start with the oldest legal maxims. In the case of *Chamarbaugwala*, the Supreme Court clearly differentiates between gambling and competitions that depend on skill [1]. In *Satyanarayana*, the court declares rummy a game of skill. Of course, the cards we get are down to luck, but winning largely depends on memory, judgement, and how you choose which cards to keep and which to throw away [2]. In the *Lakshmanan* case, the same process was followed for horse racing, pointing out that judgement, knowledge and good assessment matter a great deal there too [3].

These cases led to what is called the dominant test. It only looks at one thing: whether skill or chance matters more. A game can not have to be completely free of luck to count as a game of skill. This helped online gamers too, because rummy and fantasy sports operators can say that technology changed the medium of playing but

not the mental effort for winning. The actual review of the paper shows how this reasoning spreads from card rooms and racetracks to internet platforms and fantasy sports [9]. The corresponding contributions of talent and chance to results have been measured in conventional quantitative studies on daily fantasy sports [10].

There were at least three legal applications for the theory. For the purpose of gambling laws, it was first classified as an activity. Secondly, it evaluated whether the activity can be considered an actual company. Third, by strengthening concerns under Article 19(1)(g), it restricted preventive state action. Over time, all three of these roles began to blend into one, more general belief: any money wagered in connection with a game was assumed to acquire the game's safeguard status once it was officially accepted as skill-based.

4. Junglee Games: Constitutional Reconstruction Of Skill-Based Betting

The very important constitutional ruling is Junglee Games case. State laws in Tamil Nadu and Karnataka that addressed internet gaming and betting, including games that were previously seen as needing skill, gave rise to the appeals. The High Courts saw the previous judgments as significantly limiting the State's authority over skill-based games. The disputed laws were affirmed by the Supreme Court, which rejected that narrow meaning [6].

The judgment's capability to differentiate between the fundamental game and the gambling action that accompanies it is its greatest achievement. List II's Entry 34 provides the States legislative control over "betting and gambling." In essence, the Court decided that even in cases where the event being bet on is a game of skill, this constitutional phrase is broad enough to include betting or gambling. Therefore, the constitutionally different behaviour of betting money or money's worth on an uncertain outcome cannot be eliminated by the existence of talent in the underlying activity.

This does not make Lakshmanan or Satyanarayana outdated. Wherever the legal question relates to the essence of the game itself, those government bodies continue to be important. What Junglee Games limits is the decision that has been made about them: even if a game is skill-driven, the corresponding betting activity may still be under state jurisdiction. Furthermore, the fundamental category is no longer restricted to "skill game equally safeguarded, luck or chance game equally protected." It is now possible to state that, while a game needs skill, the betting related to it is governed by the constitutional regulation.

For Article 14, Junglee Games is very significant. The argument that the disputed rules were clearly unreasonable simply because they enlarged the regulation to encompass games based on skill along with rewards was rejected by the Court. The legislative body can logically draw its line around betting instead of a game's skill content once wagering is recognised as a separate activity with the potential to have both financial and social consequences. This shifts the fair-classification debate: rather than just focusing on the play's cognitive quality, the relevant differentiator can now include the monetary exposure that is caused by a stake.

As a result, Article 19(1)(g) has been substantially. Even though the standard question is now stated differently, the right to participate in commerce or business is very important under the Constitution. Simply indicating that the fundamental game pays superior skill is no longer enough for an operator to acquire immunity. The State can regulate that aspect under its constitutional power if the business strategy requires organising or facilitating staking on uncertain outcomes. As an analysis, rights analysis shifts from absolute immunity towards fairness, reason, and limiting actual design.

5. Gameskraft: The Stake-Centred Model's Fiscal Output

This constitutional improvement is converted into economic law by Gameskraft. The Directorate General of GST Intelligence's show-cause warnings relating to online gaming inventory were the origin of the dispute. The main question was whether the sites were only providing facilitation services that were taxable on their fees or if the payments were made up of legitimate claims in the form of wagering and betting, with tax implications based on the stakes [7]. The Karnataka High Court has already overruled the notices in support of Gameskraft, mostly due to the skill-driven aspect of virtual rummy.

This approach was upheld by the Supreme Court. Furthermore, Gameskraft explicitly addresses *Junglee Games* and argues that the more basic constitutional issues pertaining to the regulation of gambling and betting had already been resolved there [7]. Gameskraft is not an independent claim that all games based on skill classify as "gaming" within all lawful situations. However, it accepts the hypothesis that the fundamental ability or chance nature of the underlying game no longer determines the primary question before the Court once gambling joins the transaction.

As a result, the monetary issue is fundamentally transactional. The provision, enforceable claims, monetary consideration, and assessment are all covered under GST law. An application may use technology to make a game easier, but if the commercial contract involves the staking of money on ambiguous results, the legal analysis cannot end at describing the software service. In these gaming cases, the Court keeps the tax investigation focused on the individual's own financial position.

The "stake-focused model" provided in the main study is highly beneficial in this scenario. The skill-versus-chance test isn't being replaced by this phrase. What changes is where the law pays attention too. In old cases, the court's decision usually depended on how the game was differentiated. The new approach treats the game and the money changing hands as two separate questions. Skill answers the first, and the stake answers the second.

Even though the skill-versus-chance test is still the key tax boundary, the 2023 GST amendments went a long way on their own by covering online gambling and its value. Scholars had already noticed the gap between a game's classification and its GST value well before the Supreme Court ruled on it [11]. Gameskraft ties it all together. It connects the post-2023 tax rules to the constitutional reasoning in the paired 2026 rulings.

This change has big economic effects. When tax is charged on the value of the stakes instead of just the revenue the platform keeps, it hits profit margins, player earnings, and whether a business can survive at all. The FICCI–EY material used in the main research points to real-money gaming that runs on transactions after the GST reforms, even as the biggest gaming market keeps growing [5]. Tax design can reshape an industry as much as licensing or a ban can, so how a game is classified for tax shouldn't be treated as a minor technical detail. Gameskraft needs to be read carefully. Its importance doesn't lie in taking away the legal view that skill-based games are different. What the judgment shows is that skill doesn't decide every part of a game-related transaction. That keeps the law consistent: Gameskraft can be right that stakes in online gaming carry their own GST consequences, while *Satyanarayana* can still be right about how much skill rummy involves.

6. A Layered Model For Online Gaming Laws After 2026

If examined entirely, this corpus of legislation provides a five-layer analytical model. Finalize the game first. Identify if the primary action is regulated by skill, chance, or a mixture of the two. This preserves the conceptual contributions made by *Lakshmanan*, *Satyanarayana*, and *Chamarbaugwala* and is yet relevant to understanding the nature of the action itself. Next, select the stake. Find out if that person or somebody else is placing money or money's assets at risk for ambiguous repercussions. This is a clear fundamental truth, as established by *Junglee Games*, and its financial importance is shown by Gameskraft. Third, look at the transaction itself and the platform's role in it. Who takes in the deposits? Who organises the contests, holds the prize money, pays out winners, brings in players, and gives refunds? Online rules should be built around this business model, not only around the game's label. Fourth, ask whether the arrangement is fair and what harm it can cause. Look at the product's design, the incentives, how often people play, the risks, how much money players can lose, and what help they can get. Evidence on consumer and public health harm becomes relevant here for Articles 14 and 19. Fifth, test who has the power to make the law. Is it mainly a law on tax, intermediaries, payments, betting and online gaming, consumer protection, or some other constitutional subject? Putting a game online does not shift the balance between the Centre and the states. This approach is better than going to either extreme. It steers clear of the new error of lumping every money-based online activity together, and of the old error of treating skill as a shield against all regulation.

In addition, it supplies courts with an organised approach for evaluating future hybrid products like subscription competitions, token-based game assets, virtual currencies, paid prediction contests, and loot-box mechanics.

Above all, this model accurately reflects the legal decision of the Supreme Court in 2026. The Court has not decided that skill is not relevant to the law itself. It has clarified that the unique legal problem created by staking and holding is unable to be addressed by ordinary skill. Going forward, law enforcement, laws and regulations, management of decisions, and academic research should be governed by this difference.

7. Conclusion

The law covering internet gaming in India has changed fundamentally. When trying to differentiate among gambling and legal gaming, conventional law and jurisprudence evaluated whether skill exceeded chance. While the Supreme Court's 2026 rulings have restricted its authority, that concept is nevertheless a part of Indian law.

The fundamental threshold point is the *Junglee Games*. It validates State involvement against the argument that the skill itself provides legislative immunity and demonstrates that betting or gambling on games of ability may fall under State legislative jurisdiction under Entry 34. The financial counterpart is called *Gameskraft*. It confirms that GST implications do not have to depend on whether the primary game is one of talent or random fate by building on the constitutional foundation developed in *Junglee Games* and focusing on stakes, actionable claims, and transaction structure.

PROGA 2025 outlines the same movement by segregating illegal digital currency games from encouraged e-sports and internet-based social games. As a consequence, it would be more accurate to characterise the integrated structure as degradation rather than the failure of the skill-chance test from a universal rule to one part of a more thorough, multi-layered regulatory investigation.

Given that the inherent skill content of a game enables the risks related to financial staking such as financial loss, frequent gambling, susceptibility to rigorous platform design, and risk of public health implications, this new model is generally considered justified. Nevertheless, balance is not invalidated by the existence of these risks. The extent, logical reasoning, and reasons underlying any regulatory determination must still be carefully considered in accordance with Articles 14 and 19(1)(g).

Federalism is the most crucial unresolved question. As PROGA develops an extensive structure for online gaming, *Junglee Games* confirms substantial state authority over virtual gambling and betting. Rather than permitting "online gaming" to merge into a single, homogeneous legal sphere, the long-term integrity of Indian gambling law will rely on delineating the regulatory goals of State and Union laws.

Hence, a multi-layer model is the most useful after 2026: expertise defines the game; risk essentially determines the financial vulnerability; platform-based configurations determine the authorised deal; harm justifies the level of involvement; and legal skill determines the extent to which the governing body may take action. Although taking into consideration the innovation and economic realities that brought development to *Junglee Games*, *Gameskraft*, and PROGA, this structure preserves what was truly helpful in the earlier jurisprudence.

Indian gaming regulations have evolved from looking at simply how the game can be won to questioning what financial risk is associated when it is conducted for money. The next phase ought to ensure that this stake-driven turn develops into legislation that is based on evidence, adequate and constitutionally integrated.

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