

Madras High Court allows the State Government to restrict and regulate gamers

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Introduction

A Division Bench of the Madras High Court by a judgment dated 03 June 2025 in a batch of writ petitions titled *Playgames 24X7 v State of Tamil Nadu & Ors* filed by online gaming companies reiterated the constitutional validity of the Tamil Nadu Prohibition of Online Gaming and Regulation of Online Games Act, 2022 (TN 2022 Act) and upheld the validity of the Tamil Nadu Online Gaming Authority (Real Money Games) Regulations, 2025 (RMG Regulations). The TN 2022 Act and the RMG Regulations are part of the larger policy of the State of Tamil Nadu to regulate online real money gaming (RMG) and this judgment is the latest holding of the Court on this subject.

In 2021, the State of Tamil Nadu, to regulate online gaming, amended the Tamil Nadu Gaming Act, 1930 by enacting the Tamil Nadu Gaming and Police Laws (Amendment) Act, 2021 (2021 Amendment). The 2021 Amendment was challenged before the Madras High Court in *Junglee Games India Private Limited v The State Of Tamil Nadu*¹ (2021 Judgment). The Madras High Court struck down the 2021 Amendment in its entirety as being contrary to various constitutional principles. You can read our Ergo update on the same [here](#).

Accordingly, in 2022 the State of Tamil Nadu enacted the TN 2022 Act. The TN 2022 Act was challenged by various online gaming companies in *All India Gaming Federation v State of Tamil Nadu & Others*² (2023 Judgment) where the Madras High Court upheld the TN 2022 Act but struck down the schedule to the TN 2022 Act which determined rummy and poker as games of chance, even though the Supreme Court had held rummy to be a game of skill. You can read our Ergo update on the TN 2022 Act and the Madras High Court judgment [here](#) and [here](#). The State Government's appeal from the 2023 Judgment is pending before the Supreme Court.³

Challenge

The present writ petitions were filed by various online gaming companies challenging the constitutional validity of Sections 5 and 14 of the TN 2022 Act (Challenged Sections) along with the entirety of the RMG Regulations. The main challenge was premised on the ground that the enactment of the Challenged Sections and the RMG Regulations were beyond the legislative competence of the State of Tamil Nadu. It was the case in the writ petitions that the legislative competence relating to internet - based activity would have to be under the auspices of the Union of India and not by the State Government. In particular, it was argued that the legislation by the State of Tamil Nadu was in derogation of the powers vested in the Union of India under the Information Technology Act, 2000.

It was also alleged that the Challenged Provisions and the RMG Regulations were violative of Articles 14 and 19(1)(g) of the Constitution of India. The challenge was premised on the fact that the RMG Regulations, drawing power from the Challenged Sections, imposed time limits, monetary limits and age restrictions in

¹ 2021 SCC OnLine Mad. 2767.

² 2023 SCC OnLine Mad 6973.

³ State of Tamil Nadu v All India Gaming Federation, SLP (Civil) no. 1588-1592 / 2024.

regard to participation in RMGs. In particular RMGs were prohibited from midnight to 5 am which was seen as disproportionate. Further the requirement to authenticate logins with Aadhaar credentials was argued as being against the judgment of the Supreme Court in Justice K.S. Puttaswamy (Retd) v Union Of India⁴.

State response

These contentions were countered by the State of Tamil Nadu which had, after the passing of 2023 Judgment, constituted a five-member committee under the Chairmanship of a retired Judge of the Madras High Court. On the basis of inputs received from stakeholders comprising of representatives from the online gaming industry, think - tanks, political parties, players association and social activists, the committee proposed the RMG Regulations since there was an apparent differentiation in RMG and other forms of online games. Consequently therefore, the RMG Regulations contemplated restrictions on participation in online games by way of prescribing the age of the participants. It was also argued that commercial establishments such as clubs, bars etc., in the State of Tamil Nadu were permitted to operate only within certain time limits and consequently therefore, a restriction on the times when RMGs could be played could also be restricted. Further the State Government justified the requirement of Aadhaar details, since, unlike Aadhaar, other government identification card details, such as passports and/ or driver licenses were non - verifiable.

Findings of the court

The High Court held that by way of the 2023 Judgement, the TN 2022 Act had been upheld as being constitutionally valid and as such, a second challenge to the same of the Challenged Sections was not permissible.

Insofar as the issue of legislative competence was concerned the Court was of the view that under its legislative competence, the State Government was entitled to legislate on issues relating to public health and trade and commerce within the state. The Court held that RMG constituted a trade activity which required regulation by way of legislation. The Court also drew strength from Articles 39 and 47 of the Constitution of India, both of which deal with the power of the state to legislate for the improvement of public health. Consequently therefore, the issue of lack of legislative incompetence was held as being a non - starter.

On the issue of Article 14 and 19(1)(g), the Court relied on the 2023 Judgement which laid down that it was permissible for the State Government to lay down time restrictions and other reasonable restrictions when it came to RMG. It held that RMG constituted a reasonable classification as against other online games and that the restrictions imposed were reasonable restrictions which did not fall foul of Articles 14 and 19(1)(g).

On the aspect of Aadhaar, the Court was of the view that the usage of Aadhaar was to verify the telephone number of the player and also the age of the player, both of which were pieces of information that the State required to ensure compliance with the TN 2022 Act.

The Court concluded by holding that when it came to new aspects of RMG, Courts would have to take an empirical view on the repercussions that would be felt if the same was left unregulated. The regulations were aimed at safeguarding the physical, mental and financial well - being of its citizens, which the State was duty bound to protect.

Comments

The judgment of the High Court marks a significant shift in the judicial attitude to RMGs from the 2021 Judgment. The judgment of the High Court confirms the validity of the regulations for gaming companies and platforms, which today relegates them into the era of regulation, which, hitherto they had attempted to distance themselves from. The High Court addressed various sociological issues in its judgment highlighting the need to look beyond the four corners of the law in cases that deal with societal issues. Nevertheless, larger questions arise with regard to the impact that artificial intelligence may have on RMGs, which may open another avenue of litigation.

- Thriyambak J. Kannan (Partner)

⁴ (2019) 1 SCC 1.



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