The ripple effect of the Mahalakshmi Case, legality of playing online games

The Mahalakshmi Case has had a ripple effect on the state gaming community. The matter then went on appeal before the Supreme Court of India and a stay was granted on the operative part of the Madras High Court order. The outcome of this case is still awaited. The Mahalakshmi Case has had a ripple effect impact on other social recent cases.

The Andhra Pradesh High Court recently refused to grant relief to clubs which allowed its members and guests to play rummy with stakes that sought interim protection from the state authorities closing their club premises. Whilst denying relief to the clubs in the case, the Court specified that in view of the findings in the Mahalakshmi Case, this case would also require a detailed examination to determine whether playing rummy with stakes is legal. It is interesting to note that the same High Court in a previous para also referred to the Mahalakshmi Case in the same context. The Bombay High Court passed an order on 25 February 2015 whereby it directed the Sikkim government to enforce the Sikkim Gaming laws, which permit online gambling. The FICCI report, released in February 2015, valued the betting market in India at INR 3 trillion (approx. USD $786,500) per annum. The FICCI report cited that the Indian government could earn revenue of INR 1,200 billion (approx. USD 18.1 billion) to INR 1,890 billion (approx. USD 60.5 billion) per annum.

“Achieving this revenue target could reduce the element of black money and help in India could be seen as an effective measure to reduce the amount of black money in the market.”

In 2012 the Mumbai High Court ruled that running rummy on internet gambling platforms is illegal. A Special Investigation Team ("SIT"), led by a former judge of the Supreme Court, was set up by the Court to monitor the probe into untaxed or ‘black’ money housed in foreign bank accounts. The SIT submitted its third interim report to the Supreme Court on 12 May 2015 on the matter. The report also sought interim relief from the Supreme Court on 12 May 2015 on the matter.

“PIL filed to enforce legislation on casinos in Maharashtra. A public interest litigation was filed on 25 February 2015 before the Bombay High Court seeking a writ of mandamus directing the Maharashtra government to enforce the Maharashtra Casinos (Control and Tax) Act, 1976 ("Maharashtra Casinos Act"). Having never been notified or enforced to date, the State Legislative Assembly passed the Maharashtra Casinos Act Act, which also received the Governor’s assent in July 1976. The Maharashtra Casinos Act is the only law in India to regulate intranet-based gamblings. The SIT’s interim report cited cricket betting as a source of black money. The FICCI report argued that legalising sports betting could be seen as an ‘effective measure to reduce the element of black money’.”