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**NOTIFICATION**

No.G16010/39/2009-F IF & SL, the 8th March, 2011. Whereas the Lotteries (*Regulation*) Act, 1998 (*Central Act no. 17 of 1998*) by section II empowers the Central Government to make rules and the Central Government has already made the Lottery (*Regulation*) Rules, 2010 vide Ministry of Home Affairs, Government of India's G.S.R no. 278(E) dated New Delhi, the 1st April, 2010;

Whereas section 12 of the said Act of 1998 also empowers the State Government to make rules only on a few specified matters, namely, time to be fixed for claiming prize money under clause (f) of section 4 of the Act, period to be fixed for draws of all lotteries under clause (i) of section 4 and any other matter which is required to be, or may be, prescribed;

Whereas the Central Rules of 2010 contain some important and relevant provisions, with reference to an "Organising State", which also need to be adapted for proper implementation of the Act;

Now, therefore, the Governor of Mizoram, in exercise of the powers conferred by sub-section (l) of section 12 of the said Act and in supersession of earlier notifications in this regard is pleased to make the following rules, namely-

**1. Short title and commencement-**

- 1) These Rules may be called the Mizoram Lotteries (Regulation) Rules, 2011;
- 2) They shall come into force with immediate effect.

**2. Definitions-**

- 1) In these rules, unless the context otherwise requires
  - (a) "Act" means the Lotteries (Regulation) Act, 1998 (17 of 1998);
  - (b) "central computer server" means a system of multiple computers installed at a central location under the direct control of the Government of Mizoram, that accepts, processes, stores and validates the online lottery transactions or otherwise manages, monitors and controls the entire system of online lottery
  - (c) "Central Rules" means the Lotteries (*Regulation*) Rules, 2010 as notified by the Ministry of Home Affairs, Government of India, New Delhi under the GSR 278 (E) dated 1<sup>st</sup> April, 2010 and published in the Gazette of India, Extraordinary, Part II, Section 3 (i) dated 1<sup>st</sup> April, 2010, pages 1-12;
  - (d) "Director" means the Director of Institutional Finance & State Lottery, Government of Mizoram;

- (e) "Distributor or Selling Agent" means an individual or a firm or a body corporate or other legal entity under law so appointed by the Government of Mizoram through an agreement to market and sell lotteries on behalf of the Government of Mizoram;
- (f) "draw" means a method by which the prize winning numbers are drawn for each lottery or lottery scheme by operating the draw machine or any other mechanical method based on random technology, which is also visibly transparent to the viewers;
- (g) "online lottery" means a system created to permit players to purchase lottery tickets generated by the computer or online machine at the Lottery terminals where the information about the sale of a ticket and the player's choice of any particular number or combination of numbers is simultaneously registered with the central computer server.
- (h) "Organising State" means the State of Mizoram.
- (i) "prize" means the amount payable against a ticket bearing the winning number of any specified prize denomination;
- (j) "sale proceeds" means the amount payable by the distributor to the Organising State in respect of sale of tickets calculated at the face value printed on each tickets in respect of lotteries of a particular draw or scheme or both;

**Short title and commencement :**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

- 1) *These Rules may be called the Mizoram Lotteries (Regulation) Amendment Rules, 2016;*
- 2) *They shall come into force with effect from the date of publication in the Official gazette .*

**Amendment of Rule 2 :**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*In clause (j) of Sub-rule (1) of rule 2 of the Mizoram Lotteries (Regulation) Rules, 2011 (hereinafter referred to as the Principal Rules) the following shall be added:-*

*"The components of 'Sale proceeds' which correspond to "face value" shall consist the following:-1) Value at which the tickets are sold to the Distributors along with adjustments of prizes upto ₹ 10,000/- as disbursable prize money by the Distributors. Provided that the unclaimed prize money shall be deposited by the Distributor to the State Government by Demand Draft immediately after expiry of 120 days. The above will include the following :*

- i) *A minimum amount of five lakh rupees per draw for bumper draw of lottery and for all other forms of lottery, a minimum amount of ten thousand rupees per draw to be charged by the State laid down in sub-rule (10) of rule 3 of the Lotteries (Regulation) Rules, 2010;*
- ii) *Printing charges, transportation charges and other ancillary charges, if any;*
- iii) *Taxable Prize Money;*

- iv) *'Unclaimed Prize Money and;*
- v) *Other charges/Administrative expenses;*

*Provided that the sale proceeds has to be deposited in the Public Ledger or Consolidated Fund of the State or any other Government Account as prescribed by the State."*

- (k) "security deposit" means a deposit or amount or bank guarantee pledged or paid to the Government of Mizoram by the Distributor or Selling Agent in any form for due fulfillment of the contract or financial commitment.

- 2) Words and expressions used but not defined herein but defined in the Act shall have the meanings respectively assigned to them in the Act.

**3. Provisions of the Central Rules to apply - All the provisions of the Central Rules viz. Lotteries (Regulation) Rules, 2010 shall apply and shall be strictly followed, subject to the following changes-**

- (a) wherever the expression "Organising State", the same shall be construed as the "State of Mizoram".
- (b) wherever the expression "Official Gazette" relating to the Organizing State occurs, it shall be construed as the Mizoram Gazette;
- (c) wherever the expression "Consolidated Fund to the Organising State" occurs, it shall be construed as the "Consolidated Fund of the State of Mizoram".

**4. Organisation of Lottery :-**

- 1) The State Government of Mizoram may organise paper lottery or online lottery or both, subject to the conditions specified in the Act, in the Central Rules and these rules.
- 2) The State Government of Mizoram may organise a lottery or lotteries, if it so decides, by issuing a notification in Mizoram Gazette, outlining each lottery-wise the purpose-scope, limitation and methods thereof.

**Amendment of Rule 4 (2) :**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*Sub-rule (2) shall be substituted by the following, namely:-*

- "2) *The State Government may conduct and organise the lotteries, if it so desires to generate and raise its additional revenue to promote various development activities of social importance like Education, Poverty alleviation, Health, Welfare, empowerment of women, handicapped persons etc., by issuing a notification in the Official Gazette. The scope, limitations and methods for organizing the lotteries (Paper and Online) will be in line with The Lotteries (Regulation) Act, 1998 and the rules made thereunder along with the Mizoram State Lottery Rules, 2011 as amended from time to time."*

- 3) The State Government of Mizoram shall announce in advance, by way of a notification in Mizoram Gazette, the following informations about every lottery proposed to be organised by it, namely:-
  - a) the name of the lottery or lottery scheme;
  - b) maximum retail price of the lottery ticket;
  - c) total number of tickets printed in case of paper lottery;
  - d) gross value of the tickets printed;
  - e) name or names of the distributors or selling agents with their addresses and contact informations;
  - f) prize structure;
  - g) the amount offered as prize money;
  - h) periodicity of the draw;
  - i) the place where the draw shall be conducted; and
  - j) the procedure for drawing the prize winning tickets or prize-winners.
- 4) In case the State Government of Mizoram decides to organise more than one lottery, the procedure as provided in sub-rule (3) shall be followed for each lottery.
- 5) The State Lottery shall be organised, conducted or promoted by the State Government through various terminals connected with the Central Server, or shall authorize the Distributor for sale of tickets after entering into written agreement.
- 6) A Mirror Server shall be monitored in the Directorate of Institutional Finance & State Lottery by the Director or his authorized officer.
- 7) The State Lottery shall be named as the "Mizoram State Lotteries" with such other sub-names as may be decided by the Government/Director from time to time as per market conditions.
- 8) The Director shall arrange to deliver the tickets on behalf of the State Government to the Distributor as the case may be at the place mutually agreed upon.
- 9) The form, size and design of tickets shall be decided by the Director on behalf of the State Government.
- 10) The printed tickets for a particular draw shall bear the imprint and logo of the State Government, distinctive number, the date/time of draw and the sale price of the ticket/minimum retail price (MRP) and facsimile signature of Director, Institutional Finance & State Lottery. On the reversed side of the tickets, there shall be a printed information in English/Hindi or any Regional language showing prize structure and such other essential details and conditions as the State Government may consider necessary for the purchasers. Such terms and conditions which appear on the Lottery tickets shall be determined by the State Government through the Director.

**Amendment of Rule 4 :**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*In sub-rule (10) the words "date/time" and "minimum" shall be substituted by the words "date and time" and "maximum."*

- 11) The printing of the Online lottery ticket, as per the approved schemes, shall be done by the Terminal(s)/Retailers and shall have the imprint logo and facsimile signature of the Director. Such tickets shall be sold after printing of the players' selected numbers.
- 12) The schemes are liable to be changed or modified by the Government keeping in view/ according to market conditions.
- 13) No instrument of any kind used in transmission of alpha-numeric message or any instrument of audio visual display/recording shall be allowed to the person(s) present at the draw place.
- 14) A certified copy of the results shall be supplied to the representative of the Distributor by the authorized officer(s) of the Government/Director after the last draw conducted during the day.
- 15) The State Government may authorize the Distributor to make the payment of prizes on its behalf, up to the value of Rs. 5,000/- (Rupees five thousand) only to the prize winners within a period of 90 (ninety) days from the date of draw. The expenses incurred by the Distributor on account of payment of such prizes may be adjusted/set-off against the sale proceeds of lottery tickets payable by the Distributor to State Government.

Payment of prizes which is not covered under the above provision will be made by the Director after deduction of Tax Deduction at Source (TDS) and Departmental charges, if any.

**Amendment of Rule 4 :**

Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 9.6.2014.

*In Rule 4 of the Principal Rules, Sub-Rule (15) shall be substituted by the following :-*

*"The State Government may authorize the Distributor to make the Payment of Prizes on its behalf, up to ₹ 10,000/- (Rupees ten thousand) only to the Prize winners within a period of 90 (ninety) days from the date of draw. The expenses incurred by the Distributor on account of payment of such prizes may be adjusted/ set-off against the sale proceeds of Lottery Tickets payable by the Distributor to the State Government.*

*Payment of Prizes which is not covered under the above provision will be made by the Director after deduction of Tax Deduction at Source (TDS) and Departmental charges, if any".*

- 16) One ticket will enable the holder thereof to claim one prize only, whichever is higher. The prize winner for amount above ₹ 5,000/- shall be require to submit the Prize Winning Tickets(PWT) in original along with 3 (three) copies of passport size photograph supported by documentary proof and a Court Affidavit duly attested and signed by the 1st Class Magistrate addressed to the Director, Institutional Finance & State Lottery, Aizawl for payment.

**Amendment of Rule 4:**

Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.

*In sub-rule (16), the word "1<sup>st</sup> Class Magistrate" shall be substituted by the words "1<sup>st</sup> Glass Magistrate/Notary."*

- 17) Prizes that are not claimed by the Prize winners within a period of 90 (ninety) days from the date of draw shall not be disbursed and shall stand forfeited to the State Government as unclaimed prize money.

Provided that the Director may, in exceptional circumstances, disburse the prize amount to the prize winners on his/her application even after the expiry of the said period of 90 (ninety) days but not exceeding 120 (one hundred and twenty) days if he is satisfied that the reasons for not claiming the prize amount within the said period of 90 (ninety) days are cogent and genuine.

In order to determine the unclaimed or undistributed prize money, the Distributor shall, within a period of one month from the expiry of the period of 90 (ninety) days referred to above, submit the audited account thereof, to the Director, Institutional Finance & State Lottery.

- 18) No forged, torn, mutilated or tampered ticket shall be entertained for prize claim payment.
- 19) The prize claims on taxable amount shall be paid after due verification of prize winning ticket (PWT) form the concerned printing press or central server/mirror server.
- 20) The entire prize ranks shall be paid only in Indian currency.
- 21) There shall be 2 (two) judges for conduct of Mizoram State Lotteries with a time table shift-wise in the day to day operation of the lottery draws. The panel of judges so appointed shall be paid a lump sum remuneration as may be decided by the Government from time to time.

All draws of Mizoram State Lottery (*both Paper and Online*) shall be held and conducted within the territory of Mizoram and shall be held and conducted under the direct supervision of the Director or his authorized representative and in the presence of at least two Draw Judges duly appointed by the Director, Institutional Finance & State Lottery.

- 22) The Distributor shall lift the lottery tickets within such reasonable period so as to ensure the conduct of first draw within a period of thirty days from the date of execution of agreement or any other date fixed by the State Government in public interest. If the first draw is not held within the stipulated period due to the failure of the Distributor in lifting the tickets, then his performance security/Bank Guarantee shall be forfeited to the Government.
- 23) The Distributor shall lift all the printed lottery tickets, at a wholesale/ discounted price to be mutually agreed and decided upon by the Director and the Distributor, keeping in view the market condition, in such advance period as may be laid down in the agreement. The Director may also allow the Distributor to lift the tickets of each lottery on credit against an unconditional Bank Guarantee of cash security kept in the shape of Fixed Deposit Receipt.

In case the Distributor fails to lift the tickets already printed in full or in part, he shall be required to pay damages equal to the amount of the invoice value of the un-lifted tickets.

- 24) Any defect or deficiency noticed in the printed tickets should be immediately brought to the notice of the Director. Under no circumstances such defective ticket should be sold. The purchaser(s) or Distributor, as the case may be, may get rectified tickets in exchange for the defective tickets without extra payment. The exchange will be done by the Government/ Distributor immediately on production of the defective/mutilated tickets by the Distributor/ purchaser, as the case may be.
- 25) In case of loss of tickets in transit, the same shall immediately be brought to the notice of the Director for publication in the newspapers. However, in case of loss of tickets after delivery to the Distributor, no compensation of any kind shall be payable to the Distributor.
- 26) The Distributor shall lift the printed tickets in full or in part by raising invoice and the delivery challans by the Government.
- 27) The Distributor desiring to stop the marketing of tickets at his own will shall be required to give prior notice of 30 (thirty) days to the Government failing which the Distributor shall have to compensate the State Government for the revenue that it would have otherwise earned during the period of 30 (thirty) days. In addition to the compensation amount described above, the State Government may also recover such damages as per the terms of the agreement.
- 28) In the event of any loss or damage caused to the State Government due to the omission or negligence of the Distributor, Printers or Advertising Agencies, as the case may be, the same shall be made good (including damages, if any sustained by the State Government, as per the provisions of the Agreement) by the said Distributor or Printer or Advertising Agency.
- 29) The State Government/Director may appoint a locally based renowned firm/company of Chartered Accountants and technical experts for the purpose of conducting annual financial and system audit.
- 30) The record relating to those draws which are no longer required, shall be kept in the custody of the Director for a maximum period of three years from the date of publication of the result, after which it shall be destroyed with the approval of the State Government and the decision in this regard will be communicated to the Accountant General concerned one month before the date of such destruction.
- 31) The number of lottery draws except bumper draw organised by the State Government of Mizoram from all the lottery schemes put together, shall not be more than twenty four per day.
- 32) No draws of a lottery shall be conducted on any National Holiday and after 10:00 Pm in any other day.
- 33) The minimum sale price of a lottery ticket shall not be less than two rupees.
- 34) The first prize in any lottery scheme shall not be less than ten thousand rupees.

- 35) The State Government of Mizoram shall charge a minimum amount of five lakh rupees per draw for bumper draw of lottery and, for all other forms of lottery, a minimum amount of ten thousand rupees per draw.
- 36) Every other State Government under whose jurisdiction the Mizoram State lottery tickets are being sold shall be entitled to charge a minimum amount of two thousand rupees per draw from the State Government of Mizoram but the maximum amount chargeable shall not be more than what is being charged by such other State Government from its own lotteries.
- 37) The Director shall publish the result of the draws in at least one national and two local newspapers as may be chosen by the Director, Information's and Public Relations, Government of Mizoram, out of which one shall be in English, as well as in the Mizoram Gazette of the State.

**Amendment of Rule 4 (37) :** *Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*In sub-rule (37), the words "as may be chosen by Director, Information and Public Relations, Government of Mizoram" shall be substituted by the words "in the State in which the lottery is usually marketed."*

- 38) The Financial Commissioner, Government of Mizoram stands designated as the designated authority.
- 39) No prize shall be offered on a lottery ticket or in an online lottery on the basis of single, double or triple digit in any form or combination.
- 40) All the distributors or selling agents appointed or authorised by the State Government of Mizoram shall act in conformity with the provisions of the Act, the Central Rules and these rules.
- 41) No Lottery in any form shall be organised by any authority other than the State Government of Mizoram, or by its appointed Distributors or Selling Agent within its jurisdiction.

## **5. Appointment of Distributors and Selling Agents**

- 1) The State Government of Mizoram shall specify qualifications, experience and other terms and conditions for the appointment of distributors and selling agents for the purpose of marketing of the lottery-tickets, while processing appointment of such distributors and selling agents by inviting Expressions of Interest (E.O.I) or by such other methods as may be deemed fit and proper;

Provided that in the matter of selection of such distributors or selling agents, the State Government may consider allowing certain preference to the parties having rich experience of running lotteries of at least two Northeastern States including Mizoram for a number of years with sound, noncoercing and satisfactory financial track-records with complete infrastructure, manpower and capital to manage alone, if necessary, the entire marketing of the lottery-tickets on behalf of the State Government of Mizoram.

- 2) The distributor(s) or selling agent(s) on appointment through an agreement in each case, shall furnish a security deposit in the form of Demand Draft or a Bank Guarantee, as may be specified by the State Government of Mizoram at the time of invitation of the EOI.
- 3) The State Government of Mizoram shall pay to the distributors or selling agents a commission at such rate or rates as may be mutually agreed for the lawful, responsible and commercial marketing of the lottery-tickets and on the prize amounts disbursed by them to the winners in connection with the State lotteries organised by the State Government of Mizoram, in consonance with the provisions of the Act, the Central Rules and these Rules.

**Amendment of Rule 5:** *Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*In rule 5 of the Principal Rules, after sub-rule(3), the following Sub-rule shall added as sub-rule (4), namely:-*

- "(4) the State Government of Mizoram may sell the Lottery tickets to Distributors on the basis of clause (j) of sub-rule (1) of rule 2."*

## **6. Disposal of unsold lottery-tickets and unused counterfoils-**

- 1) The distributors or selling agents shall immediately after each draw is held, return the unsold tickets to the Director with full accounts along with the challans of the money deposited in the Public Ledger Account or in the Consolidated Fund of the State Government, as the case may be, with a copy of such return or detailed accounts to the designated authority.

### **Amendment of Rule 6(1) :**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*Sub-rule(1) of rule 6 of the Principal Rules shall be substituted by the following, namely:-*

- "1) The Distributors, after each draw is held, shall return all the unsold tickets, if any, of such lotteries to the Director, Institutional Finance & State Lottery, Government of Mizoram, as instructed by the Government from time to time, or as the case may be with a copy of such return or detailed accounts to the designated authority."*
- 2) The unsold tickets and unused counterfoils of lottery tickets, if any, shall be disposed of, in the manner specified by the State Government of Mizoram, by the Director from time to time.

## **7. Procedure to prohibit the sale of lottery tickets-**

Regarding prohibition of the sale of tickets of a lottery organised, conducted or promoted by every other State Government than the State Government of Mizoram within the State of Mizoram, the provisions of Rule 5 of the Central Rules shall apply, mutatis mutandis, and shall be followed in letters and spirit.

**8. Claim of Prizes-**

A subject to rules 4 to these Rules, all claims of taxable prizes shall be submitted to the Director, along with:-

- a) claim-form, as may be specified by the Director from time to time, duly filled in;
- b) original prize winning ticket with one photo copy of the prize winning ticket, duly attested by a Gazetted Officer;
- c) three copies of passport-size photograph of the holder of the winning ticket, duly attested by a Gazetted Officer;
- d) an affidavit of ownership of the prize winning ticket from any Magistrate.

**Amendment of Rule 8 :**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*In sub-rule (b) and (c) of rule 8 of the Principal Rules the word "Gazetted Officers" shall be substituted by the words "Gazetted Officer/Notary,"*

**9. Examination of Prize winning Tickets.**

The prize winning tickets received by the Director through the distributor or the selling agent, as the case may be, or directly from the holder will be examined carefully inconsonance with the following procedure :-

- a) a ticket which is prima-facie found not genuine may be sent to the printer of the ticket for verification of its genuineness, and for report;
- b) a ticket, even if found mutilated but the series and ticket number remaining in tact, may be accepted after careful examination of its genuineness;
- c) a ticket which is found tampered with in any way shall not be accepted for the purpose of disbursement of prize-money due on it.

**10. Mode of Payment to and by the State Government of Mizoram**

- 1) All payment due from a distributor or a selling agent to the State Government of Mizoram shall be made by such distributor or selling agent by Demand Draft only drawn in favour of the Director on any Nationalised or Public Sector Bank located at Aizawl.

**Amendment of Rule 10:**

*Substituted vide Notification No.G.16010/39/2012-F.IF&SL dt. 5.12.2016.*

*Sub-rule(1) of rule 10 of the Principal Rules, shall be substituted by the following, namely:-*

- "1) All payment due from a Distributor to the Government of Mizoram after adjustment of the prizes upto ₹10,000/- as Disbursable Prize Money by the Distributor shall be made by such Distributor by Demand Draft or any other mode of Bank transfer only in favour of the Director, on any Nationalise /Public Sector Banks located at Aizawl, or as instructed by the Government from time to time."

- 2) The Director shall initially credit all the amounts so received in the approved Bank account in any reputed Nationalised, Scheduled or Public Sector Bank located at Aizawl and in the authorised manner.
- 3) The transactions relating to the payment of Prize money, charges for publication of results, expenses incurred in connection with lottery draws and other miscellaneous expenses shall be done through the Bank Account jointly operated by the Director and the Joint Director, Institutional Finance & State Lottery, Government of Mizoram.
- 4) The Director shall submit weekly returns of all such transactions to the Designated Authority.

**"10-A. Lottery other than the Mizoram Lotteries:-**

- 1) Save as provided in these rules, all lotteries conducted by private parties, associations, firms or other persons without prior permission of the Government or any Officers authorised in the behalf are illegal and liable to punishment as per provision of sub-rule (2) of Rule 10-A.
- 2) Any private parties, associations, firms or other persons who are found to have conducted such types of trade as lottery without obtaining prior permission from the Government or any Officers authorized in this behalf shall be liable to punishment as provided under Section 294A of the Indian Penal Code, 1860 (Central Act 45 of 1860).
- 3) Permission for conduct of Lottery may be issued by the Director after obtaining approval of the Government. In no case, permission shall be issued unless the following conditions are fulfilled by the applicants, namely -
  - a) reason for conduct of lottery must be on charitable ground or purpose only;
  - b) the applicant shall be an organizations or firms which is well es-tablished, reputed and recognized at the State level;
  - c) all the profits out of the lottery should invariably go to the purpose for which the permit is given;
  - d) the scheme should be only for one or single draw at a time;
  - e) no portion or the whole amount of such prizes of any lottery or lucky ticket or raffle or lucky coupon shall be paid in terms of money and it shall be paid in kind;
  - f) the total value of all prizes for any draw shall not be less than 50% of the total value of the ticket printed and the applicant shall deposit to the Director, 25% of the value of prizes by means of Call Deposit or by Cash as Security deposit before issue of permission;
  - g) The applicant shall deposit a fee to the Government at the rate of 3% of the total value of the scheme before issue of permission.

- 4) Claim period of prizes shall be 45 days from the date of drawal of results.
- 5) No extension of time for draw of the result shall be granted after marketing the tickets.
- 6) Drawal of results shall be held and conducted by the concerned parties within the territory of Mizoram in transparent, free and fair manners.
- 7) Payment of prizes should be completed within 60 days from the date of draw failing which Government reserves the right to make payment of prizes from the security deposit."

#### **11. Interpretation :-**

If any question arises as to the interpretation of these rules or in regard to any matter not expressly provided for in these rules, the matter shall be referred to the Government of Mizoram and the interpretation made thereon shall be binding;

Provided that no such interpretation shall be opposed to or inconsistent with any of the provisions of the Act or the Central Rules.

#### **12. Repeal-**

- 1) On and from the commencement of these rules, all the earlier Rules made by the State Government of Mizoram including Mizoram State Lottery Rules as notified vide No.G. 16010/39/97-FSL/95 dt.1.9.2000 and No.G.16010/39/97-FSL/Pt dt.2.8.2001 and all amendments made thereto shall stand repealed.
- 2) Notwithstanding such repeal, anything done or any action taken under the rules so repealed, except any agreement made under the repealed Rules, having it been opposed to the provisions of the Central Rules, shall, if not inconsistent with any provisions of the Act, the Central Rules or these Rules, be deemed to have been done or taken under the corresponding provisions of these Rules.

Sd/- L.N. Tochwng,  
Finance Secretary,  
Government of Mizoram.

**MINISTRY OF HOME AFFAIRS  
NOTIFICATION**

New Delhi, the 1<sup>st</sup> April, 2010

G.S.R. 278(E).—In exercise of the powers conferred by sub-section (1) of section 11 of the Lotteries (Regulation) Act, 1998 (Act 17 of 1998), the Central Government hereby makes the following rules, namely:-

**1. Short title and commencement.**

- (1) These rules may be called the Lotteries (Regulation) Rules, 2010.
- (2) They shall come into force on the date of their publication in the Official Gazette.

**2. Definitions.**

- (1) In the rules, unless the context otherwise requires:-
  - (a) “Act” means the Lotteries (Regulation) Act, 1998 (17 of 1998);
  - (b) “central computer server” means a system of multiple computers at a central location under the direct control of the Organising State that accepts, processes, stores and validates the online lottery transactions or otherwise manages, monitors and controls the entire system of online lottery;
  - (c) “distributor or selling agent” means an individual or a firm or a body corporate or other legal entity under law so appointed by the Organising State through an agreement to market and sell lotteries on behalf of the Organising State;
  - (d) “draw” means a method by which the prize winning numbers are drawn for each lottery or lottery scheme by operating the draw machine or any other mechanical method based on random technology, which is also visibly transparent to the viewers;
  - (e) “online lottery” means a system created to permit players to purchase lottery tickets generated by the computer or online machine at the lottery terminals where the information about the sale of a ticket and the player’s choice of any particular number or combination of numbers is simultaneously registered with the central computer server;
  - (f) “Organising State” means the State Government which conducts the lottery either in its own territory or sells its tickets in the territory of any other State;
  - (g) “prize” means the amount payable against a winning number ticket;

- (h) "sale proceeds" means the amount payable by the distributor to the Organising State in respect of sale of tickets calculated at the face value printed on each ticket in respect of lotteries of a particular draw or scheme or both;
  - (i) "security deposit" means a deposit or amount or bank guarantee paid to the Organising State by the distributor or selling agent in any form for due fulfillment of the contract.
- (2) Words and expressions used but not defined herein but defined in the Act shall have the meanings respectively assigned to them in the Act.

### **3. Organisation of Lottery**

- (1) A State Government may organise a paper lottery or online lottery or both subject to the conditions specified in the Act and these rules.
- (2) The State Government may organise a lottery or lotteries, if it so decides, by issuing a notification in its Official Gazette, outlining the purpose, scope, limitation and methods thereof.
- (3) The Organising State shall announce in advance, by way of a notification in the Official Gazette, the following information about every lottery, namely:-
  - (a) the name of the lottery or lottery scheme;
  - (b) prices of the lottery ticket;
  - (c) total number of tickets printed in case of paper lottery;
  - (d) gross value of the tickets printed;
  - (e) name or names of the distributors or selling agents with their addresses and contact information;
  - (f) prize structure;
  - (g) the amount offered as prize money;
  - (h) periodicity of the draw;
  - (i) the place where the draw shall be conducted; and
  - (j) the procedure for drawing the prize winning tickets or prize-winners.
- (4) In case an Organising State decides to organise more than one lottery, the procedure as provided in sub-rule (3) shall be followed for each lottery.

- (5) The paper lottery tickets and the stationery on which the online lottery tickets are issued shall be printed by the Organising State at a Government Press or any other high security press included in the panel of the Reserve Bank of India or the Indian Banks' Association, Mumbai.
- (6) The number of lottery draws except bumper draw by an Organising State, from all the lottery schemes put together, shall not be more than twenty four per day.
- (7) No draws of a lottery shall be conducted on any National Holiday.
- (8) The minimum sale price of a ticket shall not be less than two rupees.
- (9) The first prize in any lottery scheme shall not be less than ten thousand rupees.
- (10) The Organising State shall charge a minimum amount of five lakh rupees per draw for bumper draw of lottery and, for all other forms of lottery, a minimum amount of ten thousand rupees per draw.
- (11) The State Government under whose jurisdiction the lottery tickets are being sold shall be entitled to charge a minimum amount of two thousand rupees per draw from the Organising State but the maximum amount chargeable shall not be more than what is being charged by the State Government from its own lotteries.
- (12) The Organising State shall publish the result of the draws in at least one national and two state level newspapers out of which one shall be in English as well as in its Official Gazette.
- (13) The Organising State shall designate an officer, not below the rank of Secretary to the Government of the State, as the designated authority, who shall be responsible for organising the lottery in the State
- (14) An Organising State shall not offer a prize on a lottery ticket or in an online lottery on the basis of single, double or triple digit in any form or combination.
- (15) In cases where an Organising State appoints or authorizes distributors or selling agents, it shall be the responsibility of the Organising State to ensure that the said distributors or selling agents act in conformity with the provisions of the Act and" these rules
- (16) The Organising State shall keep records of the tickets printed, tickets issued for sale, tickets sold, tickets which remain unsold at the time of the draw, and the prize winning tickets along with the amount of prize or prizes in respect of each draw, in the manner prescribed by the Organising State.
- (17) The Organising State shall ensure that proceeds of the sale of lottery tickets, as received from the distributors or selling agents or any other source, are deposited in the "Public Ledger Account or in the Consolidated Fund of the Organising State,

- (18) It shall be the responsibility of the Organising State to ensure that income tax on prizes, wherever applicable, is deducted at source and that the prize money is credited to the bank account(s) of the prize winner(s).
- (19) Every Organising State shall conduct an annual financial and systems audit of the various lottery schemes organised by it including online lottery.
- (20) The Central Government may also conduct a special audit of any lottery or lottery scheme organised by any Organising State through the Comptroller and Auditor General of India or any other agency appointed by the Central Government for the purpose and take suitable action thereon.
- (21) The Organising State shall devise suitable means and procedures to effectively supervise the conduct of the lottery including the process of draws and all steps till publication of results to avoid any malpractices.
- (22) Every State Government shall ensure that no lottery, in any form, is organised by any authority other than the Organising State or its appointed distributors or selling agents within its jurisdiction.

#### **4. Appointment of distributor or selling agent.**

- (1) The Organising State may specify qualifications, experience and other terms and conditions for the appointment of distributors or selling agents.
- (2) The distributors or selling agents shall furnish a security deposit or a bank guarantee, as may be specified by the Organising State.
- (3) The distributors or selling agents shall maintain a record of the tickets obtained from the Organising State, tickets sold and those which remain unsold up to the date and time of draw along with other details, as may be specified by the Organising State.
- (4) The Organising State shall pay to the distributors or selling agents and commission due to them and the prize amounts disbursed by the distributors or selling agents to the winners, if any, out of the money so deposited in the Public Ledger Account or in the Consolidated Fund of the Organising State.
- (5) The distributors or selling agents shall return the unsold tickets to the Organising State with full accounts along with the challans of the money deposited in the Public Ledger Account or in the Consolidated Fund of the Organising State through the sale of tickets.
- (6) The unsold tickets and unused counterfoils of lottery tickets shall be disposed of in the manner specified by the Organising State from time to time.

#### **5. Procedure to prohibit the sale of lottery tickets by the Central Government.**

- (1) If a State Government is of the opinion that the Organising State or their distributors or selling agents are organising lotteries in violation of the provisions of the Act and these rules, it shall immediately bring the violations to the notice of the Organising State concerned along with the details of such violations or irregularities noticed and the Central Government shall also be apprised of such violations or irregularities simultaneously.
- (2) The Organising State shall send a suitable response on the issues raised by the State Government under sub-rule (1). within a period of thirty days of the receipt of such communication.
- (3) In case where the State Government concerned is not satisfied with the response sent by the Organising State under sub-rule (2) or the Organising State does not respond or does not take action to discontinue the organization of the said lottery scheme, the State Government concerned, under whose jurisdiction the lottery tickets are being sold, may bring to the notice of the Central Government all relevant details of violations or irregularities and the communications made with the Organising State, along with its recommendations on the action to be taken including banning of such lottery scheme of the Organising State in the geographical limits of its State.
- (4) The Central Government shall, after giving reasonable opportunity to the Organising State of being heard either in writing or in person, take the final decision whether action is required to be taken against the lottery scheme of the Organising State under section 6 of the Act.
- (5) In case the Central Government decides to prohibit any such lottery scheme, it shall issue an order under section 6 of the Act prohibiting such lottery and direct the State Government concerned to give wide publicity through daily newspapers or electronic media or both about the decision of the Central Government.

[F. No. V-17013/31/2004-CSR-I]  
Dr. NIRMALJEET SINGH KALSI, Jt. Secy.

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**MINISTRY OF LAW, JUSTICE AND  
COMPANY AFFAIRS  
(Legislative Department)**

New Delhi, the 7th July, 1998/Asadha 16,1920 (Suka)

The following Act of Parliament received the assent of the President on the 7th July 1998, and in hereby published for general information :-

**THE LOTTERIES (REGULATION) ACT, 1998**

No. 17 of 1998

(7<sup>th</sup> July, 1998)

An act to regulate the lotteries and to provide for matters connected therewith and incidental thereto.

Be it enacted by Parliament in the Forty-ninth year of the Republic of India as follows:-

1. (1) This Act may be called the Lotteries (*Regulation*) Act, 1998.
  - (2) It extends to the whole of India.
  - (3) It shall be deemed to have come into force on the 2<sup>nd</sup> day of October, 1997.
2. In this Act, unless there is anything repugnant in the subject or context
  - (a) “bumper draw of a lottery” means a special draw of lottery conducted on or during any festival or other special occasion wherein the prize money offered is greater than the prize money offered in the case of other ordinary draw of lotteries;
  - (b) “lottery” means a scheme, in whatever form and by whatever name called, for distribution of prizes by lot or chance to those persons participating in the chances of a prize by purchasing tickets;
  - (c) “Prescribed” means prescribed by rules made under this Act
3. Save as otherwise provided in section 4, no State Government shall organize, conduct or promote any lottery.
4. A State Government may organize, conduct or promote a lottery subject to the following conditions, namely:-
  - a) prizes shall not be offered on any pre-announced number or on the basis of a single digit;
  - b) the State Government shall print the lottery tickets bearing the imprint and logo of the State in such manner that the authenticity of the lottery ticket is ensured;
  - c) the State Government shall sell the tickets either itself or through distributors or selling agents;
  - d) the proceeds of the sale of lottery tickets shall be credited into the public account of the State;
  - e) the State Government itself shall conduct the draws of all the lotteries;

- f) the prize money unclaimed within such time as may be prescribed by the State Government or not otherwise distributed, shall become the property of that Government;
  - g) the place of draw shall be located within the State concerned;
  - h) no lottery shall have more than one draw in a week;
  - i) the draws of all kinds of lotteries shall be conducted between such period of the day as may be prescribed by the State Government;
  - j) the number of bumper draws of a lottery shall not be more than six in a calendar year;
  - k) such other conditions as may be prescribed by the Central Government.
5. A State Government may, within the State, prohibit the sale of tickets of a lottery organized, conducted or promoted by every other State.
6. The Central Government may, by order published in the Official Gazette, prohibit a lottery organized, conducted or promoted in contravention of the provisions of section 4 or where tickets of such lottery are sold in contravention of the provisions of section 5
7. (1) Where a lottery is organized conducted or promoted after the date on which this Act received the assent of the President. In contravention of the provisions of this Act, by any Department of the State Government, the Head of the Department shall be punishable with rigorous imprisonment for a term which may extend to two years or with fine or with both;
- Provided that nothing contained in this section shall render such Hand of the Department liable to any punishment if he proves that the contravention was committed without his knowledge or that he exercised all due diligence to prevent the commission of such contravention.
- (2) Notwithstanding anything contained in sub-section (1), where a contravention under this Act has been committed by a Department of Government and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any officer, other than the Head of the Department, such officer shall also be deemed to be guilty of that contravention and shall be liable to be proceeded against and punished accordingly.
- (3) If any person acts as an agent or promoter or trader, in any lottery organized, conducted or promoted in contravention of the provisions of this Act or sells, distributes or purchases the ticket of such lottery, he shall be punishable with rigorous imprisonment for a term which may extend to two years or with fine or with both.

8. The offence under this Act shall be cognizable and non-bailable.
9.
  - 1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge or, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly;
  - 2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly

*Explanation* - For the purposes of this section –

- a) “company” means any body corporate and includes a firm or other association of individuals; and
  - b) “director”, in relation to a firm, means a partner in the firm.
10. The Central Government may give directions to the State Government as to carry into execution in the State of any of the provisions of this Act or of any rule or order made there under.
11.
  - 1) The Central Government may, by notification in the Official Gazette make rules to carry out the provisions of this Act.
    - 2) Every rule made by the Central Government shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule, or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any modification or annulment shall be without prejudice to the validity of anything previously done under that rule.
12.
  - 1) The State Government, may, by notification in the Official Gazette, make rules to carry out the provisions of this Act,
  - 2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-
    - (a) time to be fixed for claiming prize money under clause (f) of section 4.

- (b) period to be fixed for draws of all lotteries under clause (f) of section 4; and
  - (d) any other matter which is required to be, or may be, pre scribed.
- 3) Every rule, made by the State Government under this section shall be laid, as soon as may be after it is made, before each House of the State Legislature where it consists of two Houses, or where such Legislature consists of one House, before that House.
13. 1) The Lotteries (*Regulation*) Ordinance, 1998 is hereby repealed.
- 2) Notwithstanding such repeal, anything done or any action taken under the said Ordinance, shall be deemed to have been done or taken under the corresponding provisions of this Act.

Sd/- RAGHBIRSINGH.  
Secretary of the Govt. of India  
F. No. 17013/2/2011CSR-I  
**GOVERNMENT OF INDIA/BHARAT SARKAR**  
**MINISTRY OF HOME AFFAIRS/GRIH MANTRALAYA**  
**CS DIVISION/NORTH BLOCK NEW DELHI**

North Block, New Delhi  
Dated 2nd August, 2011

To,

The Principal Secretary (Finance)/Secretary (Home)  
All State Governments

**Subject : Directions under Section 10 of the Lotteries (Regulation) Act, 1998**

**1. Introduction :**

Entry 40 of the Union List of the seventh schedule to the Constitution, mentions “Lotteries organized by the Government of India or the Government of a State”. Hence, Government of India has enacted the Lotteries (Regulation) Act, 1998 and has notified the Lotteries (Regulation) Rules, 2010 (w.e.f. 1.4.2010) for regulation of lotteries in India. In addition, lotteries being organized by the State Governments are also regulated by the Judgments passed by the Hon'ble Supreme Court and various other Courts from time to time.

**2. Policy of Government of India**

The Policy of the Central Government has been against holding or authorization of lotteries or extending official support to lotteries in any form and for any purpose, howsoever laudable, on the ground that they encourage the gambling spirit and disturb

the normal economic equilibrium. Accordingly, the Government of India does not organize any lottery of its own. All the Union Territories have also been advised not to permit any lottery.

### **3. Inter-State Disputes**

3.1 It has come to notice that some of the States who are organizing lotteries are not following the provisions of the Lotteries (Regulation) Act, 1998 and Lotteries (Regulation) Rules, 2010 scrupulously and are violating certain provisions of the Act/Rules. This not only defeats the very purpose of formulating the Act/Rules but also causes problems and loss of revenue to the other States where these are sold, ultimately resulting in inter-state disputes often leading to court cases.

3.2 It has also come to the notice of this Ministry that many of these violations are often inadvertent and result from improper understanding of the Act and the Rules. While this Ministry appreciates the fact that the Rules came into force only w.e.f. 1<sup>st</sup> April, 2010 and it takes some time in dissemination of the rules to all authorities & stakeholders and in understanding the import of each provision, it is the responsibility of the Organising State Governments to understand and implement the provisions of the Act/Rules in their true letter and spirit.

### **4. Responsibility of the State Governments**

4.1 This Ministry therefore, reiterates that it is the responsibility of the State Governments to ensure compliance with the provisions of the Lotteries (Regulation) Act, 1998 and the Lotteries (Regulation) Rules, 2010 in letter and spirit.

4.2 Based on a review of the implementation of these laws, the State Governments of the organizing States, are requested :-

- (i) to ensure that paper lotteries when sold, bear the imprint and logo of the State in such manner that the authenticity of the lottery ticket is established;
- (ii) to ensure that the entire proceeds of the sale of lottery tickets, as received from the distributors or selling agents are first credited into the Treasury/Public Ledger Account/Consolidated Fund of the Organising State without any deductions etc. Payments of commission to distributors/sole selling agents etc. and other sundry payables should be made after the entire proceeds are deposited in the Government Account.
- (iii) to ensure that the lottery tickets are printed only at the Government Press or any other high security press included in the panel of the Reserve Bank of India or the Indian Banks Association, Mumbai, as per the provisions of the Rules and by exercising due diligence. To this end, it is advisable that the Organizing States themselves monitor the printing and inventory management

of the paper lottery tickets. The distributors, marketing agents etc. should not be entrusted with the task of receiving and dispatching the lottery tickets from the Government press/security press.

- (iv) to keep the State Government, in whose territory the tickets are being sold, duly informed of marketing arrangements established by the Organizing State and give them all details of persons/firms involved in selling/distribution/printing of lotteries.
- (v) to ensure that the persons/firms involved in selling/distribution/ printing of lotteries do not violate any provision of the Act/Rules, as the Organizing State shall be liable for any lapse/violation on their part.
- (vi) to provide such other information to the State Government, in whose territory the tickets are being sold, as required under the Act/Rules.
- (vii) to conduct an annual financial and systems audit of the various lottery schemes organized by it to ensure that the provisions of the Act/Rules are not violated in any manner whatsoever. Concurrent monitoring/auditing would also go a long way in ensuring compliance of the provisions of the Act/Rules.
- (viii) to keep in direct touch with the officers of the State Government, in whose territory the tickets are being sold. It is advisable that officers of both Governments should meet every few months so that issues are mutually resolved. It is also expected of a State Government, who is aggrieved with any other State Government, to first raise the issues directly with the State concerned as per the provisions of Rule-5 of the Lotteries (Regulation) Rules, 2010.
- (ix) to ensure that the Agreement entered into by the Organising State with their distributor/sole selling agent conform to the provisions of the Act/Rules.
- (x) to ensure that only 4 digit lotteries are organized. Single, double and triple digit lotteries are not permissible under the Act/Rules. Moreover, in any draw of 4 digits a complete number should be drawn and nothing should be prefixed or suffixed to a single/double/triple digit number so drawn. In case any such lotteries are still being organized, these may be withdrawn forthwith.
- (xi) to ensure that draws are conducted only by draw machines or any other mechanical method based on random technology, which is visibly transparent to the viewers.

Receipt of this letter may please be acknowledged.

(K.K.Pathak)  
Ministry of Home Affairs  
Tel No.23092630

