

**DRAFT RULES UNDER**  
**LOTTERIES (REGULATION) ACT, 1998**

TO BE PUBLISHED IN THE GAZETTE OF INDIA PART-II SECTION-3 SUB-SECTION (1)  
**GOVERNMENT OF INDIA**  
**MINISTRY OF HOME AFFAIRS**

New Delhi, the 2010

**Notification**

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:-**

- (a) These rules may be called the Lotteries (Regulation) Rules, 2010.
- (b) They shall come into force on and with effect from 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; and
- (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 and otherwise manages, monitors and controls the entire system of online lottery system;
- (c) “Distributor” means an individual, partnership, a body corporate or other legal entity under any Act of the Central or State Government so appointed by the Organising State through an agreement to promote and market lotteries on behalf of the Organising State;
- (d) “Draw” means a method by which the prize winning numbers are drawn for each lottery/ 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/ 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 ticket, the number of which is drawn as per (d) above;

(h) "*Sale proceeds*" means the amount payable by the distributor to the Organising State Government in respect of sale of tickets at the Maximum Retail Price (MRP) value of the ticket in respect of lotteries of a particular draw and/or scheme;

(i) "*Security Deposits*" means a deposit or amount or bank guarantee paid to the Organising State by the distributor in any form for the due fulfillment of the contract.

(2) Words and expressions used in these rules but not defined herein shall have the same meaning as assigned to them in the Act.

(3) Lottery would include any form of lottery including online lottery.

### **3. Organisation of Lottery:-**

(1) A State Government may organize a paper lottery and/ or Online Lottery subject to the conditions indicated in the Act and these Rules.

(2) The State Government may organize a lottery or lotteries, if it so decides, by issuing a notification in the State Government official Gazette, outlining the purpose, scope, limitation and methods of organizing lottery.

(3) The Organising State Government shall announce in advance, by way of a Notification in the State Government official Gazette, the following information about each and every lottery:

(a) The name of the Lottery/ Lottery Scheme;

(b) Price of the lottery tickets;

(c) Total number of tickets printed;

(d) Gross value of the tickets printed;

(e) Name (s) of the distributors/ sole selling agents with their addresses and contact information;

(f) Prize structure;

(g) The amount offered as prize money;

- (h) Periodicity of the draw;
  - (i) Name and place where the draw shall be conducted; and
  - (j) Procedure for drawing the prizes
- (4) In case an Organising State Government decides to organize more than one lotteries, the same procedure will be followed for each lottery.
  - (5) The paper lottery tickets/ the stationery on which the online lottery tickets are issued shall be printed by the Organising State at Government Presses or at other High Security Presses under the panel of Reserve Bank of India/ Indian Banks' Association, Mumbai.
  - (6) The number of lottery draws by an Organising State, from all the lottery schemes put together, per day shall not be more than 24. In addition, any Organising State can have a maximum of 12 bumper draws of lottery in a year.
  - (7) The draws of the lottery shall be conducted between 14.00 Hours and 18.00 Hours.
  - (8) No draws shall be conducted on National Holidays.
  - (9) The MRP of the ticket shall not be less than two Rupees.
  - (10) The first/ highest prize in any lottery scheme/ draw shall not be less than Rs. 10,000/- (Rupees Ten Thousand only)
  - (11) The Organising State Government shall charge a minimum amount of Rs. 5,00,000/- per draw for bumper draw of lottery and, for all other forms of lottery, a minimum amount of Rs. 10,000/- per draw.
  - (12) The State Government(s), in whose jurisdiction the lottery tickets are being sold, shall charge a minimum fee of Rs. 2,000/- per draw from the other Organising State(s) Lotteries. However, the maximum amount chargeable shall not be more than what is being charged from the States's own lotteries.
  - (13) All claims for prizes, bonus and incentives shall be presented by the agent/ distributor to the Organising State within a period of 120 days from the date of draw (both the draw date and the last date are inclusive).
  - (14) The results of the draws shall be published by the Organising State Government in at least one national and two state level newspapers (out of which atleast one should be in English) as well as in the Organising State Government official Gazette.

- (15) Prize money unclaimed within a period of 120 days from the date of draw and prizes not won or not otherwise distributed/ claimed shall become the property of the Organising State Government.
- (16) The Organising State Government 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 organizing the lottery in the State;
- (17) The Organising State shall constitute a Regulatory Committee comprising of a minimum of four State Government officials to keep a watch on the sale of the tickets, draws, organization of lotteries and all other activities of the distributors, selling agents and retailers in connection with organization and sale of lotteries. The Regulatory Committee shall decide on the claims of winners and settle the disputes, if any. The committee shall consist of:
- (a) A Chairman who shall be the authority designated by the Organising State Government under Rule 3 (16) above
  - (b) One representative from the State Finance Department
  - (c) One representative from the State Tax Department
  - (d) One representative from the State Police, not below the rank of Inspector General of Police.
- (18) An Organising State shall not offer a prize on a lottery ticket(s) on the basis of single/double/triple digits in any form. Similarly, in an online lottery, no prize shall be offered on any single/double/triple digit combinations.
- (19) In cases where an Organising State Government appoints/ authorizes distributors/ selling agents, it shall be the responsibility of the State Government concerned to ensure that the said distributors/ selling agents act in conformity with the provisions of the Act and these Rules.
- (20) The Organising State Government 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 prizes winning tickets along with the amount of prize in respect of each draw, in the manner prescribed by the State Government concerned.
- (21) The Organising State Government shall ensure that proceeds of the sale of lottery tickets, as received from the distributors/ selling agents and any other source, are deposited in the Public Ledger Account (PLA)/ Consolidated Fund of the Organising State.

- (22) It shall be the responsibility of the Organising State Government to ensure that income tax on prizes, wherever applicable, is deducted at source and the prize money is credited to the bank account(s) of the prize winner(s).
- (23) The Organising State Government shall conduct an annual financial and systems audit of the various lottery schemes organised by them including online lottery.
- (24) The Central Government may also conduct special audit of any lottery/ lottery scheme organised by any of the Organising States through the Comptroller & Auditor General of India or any other agency appointed by the Central Government for the purpose and take suitable action thereon.

#### **4. Powers and Responsibilities of the State Government(s):-**

- (1) All lotteries undertaken in the geographical limits of any State shall be conducted in conformity with the provisions of the Act and these Rules.
- (2) The Organising State Governments shall devise suitable means and procedures to effectively supervise the conduct of the lottery including the process of draws till publication of results to avoid any malpractices.
- (3) The State Government(s) shall ensure that no lottery, in any form, is organized by any authority, other than the Organising State or its appointed distributors/ sole selling agents, within its jurisdiction;

#### **5. Appointment of distributor(s)/ selling agents for sale of tickets:-**

- (1) The Organising State Government may appoint one or a maximum of two distributors/ sole selling agents to market and sell the lottery tickets;
- (2) The Organising State Government concerned may prescribe qualifications, experience and other terms and conditions for the appointment of such distributors/ sole selling agents;
- (3) The distributors/ sole selling agents shall furnish a security deposit/ a bank guarantee, as may be specified by the Organising State Government;
- (4) The distributors/ sole selling agents shall maintain a record of the tickets obtained from the Organizing State Government, tickets sold and those which remain unsold up to the date and time of draw along with other details, as may be prescribed by the Organising State Government;
- (5) The distributors/ sole selling agents shall deposit the sale proceeds of the tickets within a period of three days from the date of draw in the

Public Ledger Account (PLA)/ Consolidated Fund of the Organising State and they shall also file proper accounts in the prescribed form within a period of three days before the prescribed authority;

- (6) The Organising State Government will pay to the distributors/ sole selling agents any commission due to them and the prize amounts disbursed by the distributors/sole selling agents to the winners, if any, out of the money so deposited in the Public Ledger Account (PLA)/ Consolidated Fund of the Organising State;
- (7) The distributors/ sole selling agents shall return the unsold tickets to the Organising State Governments with full accounts along with the challans of the moneys deposited in the Public Ledger Account (PLA)/ Consolidated Fund of the Organising State through the sale of tickets;
- (8) The unsold tickets and unused counterfoils of lottery tickets shall be disposed of in the manner and as per the procedure prescribed by the Organising State from time to time.
- (9) The Central Government may prescribe a standard draft agreement for the appointment of such distributors/ sole selling agents by the Organising State Government.

**6. Power of State Government(s) not organizing its own lottery to prohibit the sale of tickets of other Organising States:-**

- (1) A State Government may, in accordance with the Act and these Rules, prohibit the sale of lottery tickets and/ or operation of Online Lottery being organized by any other Organising State within its jurisdiction, in case it decides to ban its own lottery and/ or operation of Online Lottery duly notified in the State Government official Gazette.
- (2) The State Government shall also notify such prohibition on the sale of lottery tickets and/ or operation of Online Lottery being organized by any other Organising State within its jurisdiction in the State Government official Gazette;

**7. Power of Central Government to ban the sale of lottery tickets:-**

- (1) If a State Government is of opinion that the Organising State Government or their distributors/ sole selling agents are organizing lotteries in violation of the Act and these Rules, it shall immediately bring it to the notice of the Organising State Government concerned alongwith the details of such violations/ irregularities noticed. The Central Government shall also be apprised of such violations simultaneously.

- (2) The Organising State Government concerned shall send a suitable response on the issues raised by the State Government at (1) above, within a period of 30 days of the receipt of such communication.
  - (3) In case where the State Government concerned is not satisfied with the action taken by the Organising State Government as at (2) above or the Organising State Government concerned 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 and the communications made with the Organising State Government concerned, along with its recommendations on the action to be taken including banning such lottery scheme of the Organising State Government in the geographical limits of its State.
  - (4) The Central Government shall take the final decision as to the action required to be taken, if any, against the lottery scheme of the Organising State Government.
  - (5) In case the Central Government decides to ban any such lottery scheme, the State Government concerned shall issue a Gazette notification for banning lotteries scheme wise, within its own territorial jurisdiction.
  - (6) The Organising State Government, if aggrieved by the decision to ban such lottery/ lottery scheme, may file an appeal against such orders banning the organisation of their lottery before the Central Government within a period of 30 days from the issue of notification banning the lottery.
  - (7) In case such an appeal is filed, the Central Government shall re-examine the facts of the case and may also accord an opportunity of being heard to both the State Governments concerned and issue necessary orders upholding, modifying or setting aside such a ban. The order of the Central Government issued in this regard shall be final.
  - (8) The Central Government may decide the appeals at the appropriate level in the Ministry of Home Affairs or appoint/ authorise suitable appellate authorities for hearing such appeals from time to time.
  - (9) The State Government(s) concerned shall give wide publicity through daily newspapers and/ or electronic media about the decisions of the Central Government.
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**MINISTRY OF HOME AFFAIRS**  
**Action Plan –III**

**Centre-States (CS) Division**

<b>Sl. No.</b>	<b>Issues/ Programmes</b>	<b>Time lines</b>	<b>Progress / Remarks</b>
7.	<b>Issuance of the Rules under the Lotteries (Regulation) Act, 1998</b> <ul style="list-style-type: none"><li>• Approval of the Cabinet for withdrawal of the Lotteries (Prohibition) Bill, 1999</li><li>• Withdrawal of the Lotteries (Prohibition) Bill, 1999 from Rajya Sabha</li><li>• Formulation of Rules</li><li>• Obtaining approval of the Ministry of Law &amp; justice/Ministry of Finance</li><li>• Notification of rules</li></ul>	<ul style="list-style-type: none"><li>• 08.10.2009</li><li>•</li><li>• 15.11.2009</li><li>• 31.12.2009</li><li>• 28.2.2010</li><li>• 31.3.2010</li></ul>	