

Government of India  
Ministry of Home Affairs  
(CS Division)

\*\*\*

MDC National Stadium, Near India Gate,  
New Delhi, dated the 18<sup>th</sup> July, 2018.

To,

The Principal Secretary(Finance)/ Secretary (Home),  
All the State Government where Lottery is running.  
(As per list attached).

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

Sir,

This Ministry has received number of complaints alleging malpractices in running of lotteries in several states. Audit undertaken by Comptrolling and Auditor General (C & AG) on lotteries organized by certain States have also pointed out many irregularities in running of online and paper lotteries.

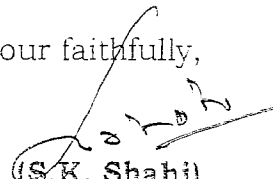
2. Running of lotteries as per provisions of the Lotteries (Regulation) Act,1998 and the Lotteries (Regulation) Rules, 2010 framed thereunder is the responsibility of concerned organizing States. The States are empowered to make their own rules also under Section 12 of the Lotteries (Regulation) Act,1998. This Ministry has in the past issued directions dated 22.8.2011 under Section 10 of the Lotteries (Regulation) Act,1998. A copy of these directions is enclosed and are reiterated.

3. In order to ensure integrity of the hardware/software used for operation of online lottery, Lottery Organizing states are directed to have their software/hardware used for online lottery certified by Standardization, Testing and Quality Certification Directorate (STQC) under the Ministry of Electronics & IT as soon as possible and in no case, later than six months from the date issue of this letter. Further, it is also reiterated that draws of lotteries, whether online or paper should be conducted under the direct supervision and control of the organizing states.

4. It is also highlighted here that under Section 6 of the Lotteries (Regulation) Act,1998 "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.

5. Receipt of this letter may please be acknowledged.

Your faithfully,

  
(S.K. Shahi)

Encl: As Above.

Joint Secretary to the Government of India

Date  
18/07/18  
Issued

O/c

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: July, 2011

*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

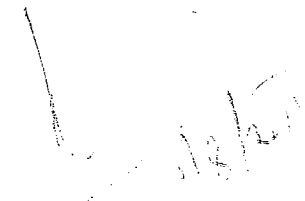
4.1 This Ministry, therefore, reiterates that it is the responsibility of the State Governments to ensure compliance with the provisions of the Lotteries (Regulation) Act, 1998 and the Lotteries (Regulation) Rules, 2010 in letter and spirit.

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)

Joint Secretary to the Government of India  
Ministry of Home Affairs  
Tel. No. 23092630