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GOVERNMENT OF INDIA
MINISTRY OF HOME AFFAIRS

New Delhi, the 1st April, 2010

Notification

G.S.R. 228(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:-

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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:-

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(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.

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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 any 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 alongwith 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

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newspapers or electronic media or both about the decision of the Central Government.

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