

**GOVERNMENT OF NAGALAND
FINANCE DEPARTMENT
(LOTTERY BRANCH)**

NOTIFICATION

Dated Kohima, the 2nd June 2010

No. FIN/ LOT-12/ 2002 (A): In exercise of the powers conferred by sub-section (1) of Section 12 of the Lotteries (Regulation) Act 1998, (Central Act 17 of 1998), the Governor of Nagaland is pleased to notify the Lotteries (Regulation) Rules, 2010 framed by Government of India, Ministry of Home Affairs, to regulate the lotteries organized and conducted by the State Government:-

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 publication in the Official Gazette.

2. Definitions.

- (1) In these Rules, unless the context otherwise requires,
 - (a) "Act" means the Lotteries (Regulation) Act, 1998 (Central Act No.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. (*Outlined in the ANNEXURE*)

- (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. (*Specified in the ANNEXURE*)
- (2) The distributors or selling agents shall furnish a security deposit or a bank guarantee, as may be specified by the Organising State. (*Specified in the ANNEXURE*)
- (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 of 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 off in the manner specified by the Organising State from time to time. (*Specified in the ANNEXURE*)

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

Sd/-

TOSHI AIER

Additional Chief Secretary & Finance Commissioner

Dated Kohima, the 2nd June 2010

No. FIN/ LOT-12/ 2002 (A)

Copy to:

1. The Special Secretary to the Governor of Nagaland, Raj Bhavan, Kohima.
2. The Additional Chief Secretary to the Chief Minister, Nagaland, Kohima.
3. The Senior P.S to all Ministers/ Parliamentary Secretaries, Nagaland.
4. The Officer-On-Special Duty to Chief Secretary, Nagaland, Kohima.
5. All the Administrative Head of Departments.
6. The Additional Chief Secretary and Commissioner, Nagaland, Kohima.
7. The Director of State Lotteries, Nagaland, Kohima.
8. The Editor, Nagaland Gazette, Kohima for publication in the next issue.
9. Guard file.

(K.ASHI KHIEYA)

**Designated Authority &
Officer-on-Special Duty (Revenue)**

ANNEXURE to
Lotteries (Regulation) Rules, 2010

A. In this Annexure, unless the context otherwise requires;

- (1) **'State Government'** means the Government of Nagaland.
- (2) **'Agreement'** means an agreement executed between the State Government and the Distributor for marketing and selling of Nagaland State lottery tickets or the Printers for printing of Nagaland State Paper lottery tickets as the case may be.
- (3) **'Director'** means the Director of Nagaland State Lotteries under whose supervision the Nagaland State Lotteries shall be conducted.
- (4) **'Draw Judges'** means any Gazetted Officer of the State Government/ Central Government or Union Territories and Executive Body/Member of the Government registered NGO who may be appointed by the Director, Nagaland State Lotteries.
- (5) **'Paper Lottery'** means a ticket printed having digital numbering on top right and bottom left in every tickets and players makes their choice of a particular ticket number which are sold in the lottery market by the various sub-agents/ sellers appointed by the Distributor.
- (6) **'Printer'** means a person with whom an agreement shall be executed for printing of lottery tickets.
- (7) **'Prize Security' means** a security given by the Distributor in favour of the Director to ensure payment of prizes to the prize winners.
- (8) **'Ticket'** means the Nagaland State lotteries (both paper and online) tickets printed and released by the Director to the Distributor for sale in market to be played by the customers through various terminals after registration in the central computer system. The ticket is the only document a player may use to claim any prize amount.
- (9) **'State Lottery'** means the lotteries organized, conducted or promoted by the State Government.

B. Purpose and scope : Refer Rule 3(2): The main purpose and scope of organizing the Nagaland State Lotteries is to earn additional revenue of the State for developmental activities.

C. Methods and limitations: Refer Rule 3(2): Methods and limitations for conduct of Nagaland State Lotteries are elaborated as under:-

- (1) 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.
- (2) A Mirror Server shall be monitored in the Directorate of Nagaland State Lotteries by the Director or his authorized officer.
- (3) The State Lottery shall be named as the "Nagaland State Lotteries" with such other sub-names as may be decided by the Government/ Director from time to time as per market conditions.
- (4) 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.
- (5) The form, size and design of tickets shall be decided by the Director on behalf of the State Government.
- (6) 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, Nagaland State Lotteries. 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.

- (7) 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.
- (8) The schemes are liable to be changed or modified by the Government keeping in view/ according to market conditions.
- (9) 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.
- (10) 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.
- (11) 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 announcement of the result. 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.
- (12) One ticket will enable the holder thereof to claim one prize only, whichever is higher. The prize winner for amount above Rs.5,000/- shall be required 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, Nagaland State Lotteries, Kohima for payment.
- (13) Prizes that are not claimed by the Prize winners within a period of 90 (ninety) days from the date of publication of result 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, Nagaland State Lotteries.
- (14) No forged, torn, mutilated or tampered ticket shall be entertained for prize claim payment.
- (15) The prize claims on taxable amount shall be paid after due verification of prize winning ticket (PWT) from the concerned printing press or central server/ mirror server.
- (16) The entire prize ranks shall be paid only in Indian currency.
- (17) There shall be 2 (two) judges for conduct of Nagaland State Lotteries with a time table shift-wise in the day to day operation of the lottery draws. They shall be appointed by the Director. He/she should be at least Class-II Gazetted officer of State/ Central Government or U.T. or a member from the executive body of any Government registered NGO. The panel of judges so appointed shall be paid a lump sum remuneration as may be decided by the Director from time to time.
- (18) 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.

(19) 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 or 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.

(20) 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.

(21) 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.

(22) The Distributor shall lift the printed tickets in full or in part by raising invoice and the delivery challans by the Government.

(23) 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.

(24) 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.

(25) 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.

(26) In case of any dispute, the State Government shall be the Sole Arbitrator and its decision shall be final and binding.

(27) For any question arising out of these Rules, or any other matter concerning thereof, the same shall be referred to the State Government and the decision of the State Government thereon shall be final.

(28) The court of competent jurisdiction of these Rules shall be the court at Kohima, Nagaland.

(29) 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, Nagaland and the Director, Treasuries & Accounts, Nagaland as well as to the Administrative Department one month before the date of such destruction.

(30) Consequent upon implementation of these Rules, the following rules are hereby repealed:-

- a. The Nagaland State Lottery Rules 1972;
- b. Nagaland State Online Lottery Guidelines, 2002;
- c. Nagaland State Online Lotteries (Regulation) Rules, 2003; and
- d. Nagaland State Lotteries (combined) Rules 2007.

Notwithstanding such repeal anything done or any action taken under the Rules so repealed shall be deemed to have been done or taken under the provision of Lotteries (Regulation) Rules, 2010.

D. Appointment of Distributor : Refer Rule 4(1)&(2)

The State Government shall appoint a person/ firm/ company having legal entity with sufficient experience in lottery business as Distributor for marketing and sale of the State Lottery tickets for paper and online through open tender system or on the recommendation of the selection committee with an agreement, subject to fulfillment of the following:-

- (i) Should be an Indian Company incorporated or registered under the Companies Act,1956 (Central Act,1956);
- (ii) Neither the company nor any of its Directors should have been declared insolvent in the last seven years from the date of application;
- (iii) The company as well as any of the Directors of the company should not have been sentenced by any of the court of competent jurisdiction for any offence or imprisonment during the preceding seven years;
- (iv) Should not have been blacklisted by any Government in or outside India or defaulter in payment of Income Tax or other taxes applicable, etc.;
- (v) A separate agreement shall be executed between the State Government and the Distributor with specified terms and conditions;
- (vi) Should be able to install a server in the office of the Director before the actual commencement of lotteries, where all the related information are stored and accessible by the Director/ authorized officer for direct supervision/ print-out.
- (vii) Should be able to furnish a security deposit in the form of unconditional Bank Guarantee or bond given by a nationalized bank having its branch at Kohima, Nagaland in favour of the Director, Nagaland State Lotteries which can be forfeited by the Government on violation /breach in terms of the agreement.
- (viii) Should submit a Memorandum/ Articles of Association at the time of application for distributorship.
- (ix) The tenure of the Distributor shall be specified in the agreement.

E. Publication of result: Refer Rule 3(12):

The Director shall ensure publication of results of lottery draws in the prescribed newspapers on daily basis. The cost of publication shall be borne by the respective Distributors. The expenses incurred by the Distributor on account of such payment made to the Director/ Government shall not be refundable or adjustable from the sale proceeds payable to the State Government.

F. Unsold tickets and unused counterfoils: Refer Rule 4(6)

After due verification by the officials of the Government, the unsold tickets/ counterfoils shall be destroyed by the Government once every other year in the presence of the representative(s) of Distributor as the case may be decided by the State Government from time to time.

(K.ASHI KHIEYA)
Designated Authority &
Officer-on-Special Duty (Revenue)