

- (e) "*Claim Form*" means the form prescribed by the Directorate of Sikkim State Lotteries, Government of Sikkim, for claiming the prize winning amount directly from the Government;
- (f) "*Designated Authority*" means the officer in the rank not below Secretary to the Government of Sikkim, who shall be responsible for organising the Sikkim State Lotteries;
- (g) "*Director*" means the Director of Sikkim State Lotteries, Government of Sikkim;
- (h) "*Discount*" means the discount or concession given by the Government of Sikkim to the Distributor on the Maximum Retail Price of each ticket;
- (i) "*Distribution Network*" includes Distributor(s), its Sub distributor(s), its Regional Distributor(s), Area Distributor(s), Stockists, Sub Stockists, Wholesalers, Retailers, Sellers etc;
- (j) "*Directorate*" means the Directorate of Sikkim State Lotteries, Finance Department, Government of Sikkim;
- (k) "*Distributor*" means an individual or a firm or a body corporate or other legal entity under the law so appointed by the Government of Sikkim through an agreement to market and sell lottery tickets on behalf of the Government of Sikkim;
- (l) "*Draw*" means a method by which the prize winning numbers are drawn for each lottery or lottery scheme by operating the draw machine, or by any other mechanical method based on random technology that is also visibly transparent to the viewers;
- (m) "*Draw Break*" for online lotteries means the date and time at which lottery tickets cease to be sold prior to the draw for such scheme being held;
- (n) "*Face value*" means the value of each ticket arrived at after deduction of Goods and Services Tax, discount and other applicable taxes and deductions, if any;
- (o) "*Government*" means the Government of Sikkim;
- (p) "*Judge*" means the official or individual with a good reputation in society who has been specially appointed by the Directorate of Sikkim State Lotteries to witness the conduct of draw or drawing the prize winning numbers of a lottery or lotteries at a scheduled time;
- (q) "*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;
- (r) "*Maximum Retail Price*" of a ticket means the value printed on each lottery ticket inclusive of all taxes and charges;
- (s) "*Minimum Assured Revenue*" means the amount of revenue that the Government would receive from the Distributor(s) in addition to the proceeds of sale, irrespective

of whether the Distributor(s) has marketed and / or sold the lottery tickets for allotted draws or not. However, the Government through its Designated Authority may at times, due to the occurrence of some events included in the Force Majeure clause of the Agreement with the Distributor(s), waive/reduce this amount for reasons that are to be recorded in writing;

- (t) "*Network*" for online lotteries means a communication and data exchange system created by physically or otherwise connecting two or more computers with network interface, cards and cables, and running on Network Operation System;
- (u) "*Non-taxable prize winning ticket*" means that a ticket with a winning amount of up to 10,000 or such other amount as prescribed by the Central Government may be distributed by the distributor(s) or Distribution network without deducting the Tax Deductible at Source, from the winning amount;
- (v) "*Online Lottery*" means a system created to permit players to purchase lottery tickets generated by the computer or online machine at the lottery terminals/kiosks 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;
- (w) "*Organising State*" means the State of Sikkim;
- (x) "*Paper Lottery Tickets*" means physical tickets printed in accordance with the Act and the Central Rules;
- (y) "*Printer*" means a printing press or presses, engaged by the Government for the purpose of printing the lottery tickets;
- (z) "*Proceeds of Sale*" means the amount arrived at as a product of the actual sold quantity of lottery tickets and the Face value per ticket;
- (aa) "*Retail computer terminal*" or "*Kiosk Outlet*" for online lotteries means a place from where on-line Lottery tickets are sold to the players;
- (bb) "*Scheme*" means the lottery formulated by the Government from time to time;
- (cc) "*Scrap lottery tickets*" means the total unsold tickets that the Distributor(s) is unable to sell and notifies the conducting or authorised officer before the draw;
- (dd) "*Security Deposit*" means a deposit or amount or bank guarantee paid to the Government by the Distributor in any form for due fulfilment of the Agreement;
- (ee) "*Taxable prize winning ticket*" means a ticket with a winning amount above 10,000 or such other amount as may be fixed by the Central Government that would be subject to Tax Deductible at Source at the rate specified by the Central Government and which shall be claimed by the holder of the winning ticket directly from the Directorate of the Sikkim State Lotteries;

- (ff) "*Ticket*" means Sikkim State Lottery tickets that bear the imprint and logo of the State of Sikkim as well as the facsimile signature of the Director, Sikkim State Lotteries;
- (gg) "*Unclaimed Prize Money*" means the prize money from sold lottery tickets that has not been claimed by the winner and has not been disbursed by the Distributor network in case of non-taxable category or not claimed by the winner from the Government in taxable category within the time limit specified by the Government.
- (hh) "*Unsold Tickets*" means the "lottery tickets" which have been declared as unsold by the Distributor(s) and its Distribution Networks or Channels before the draw in the manner as prescribed by the Government.

CHAPTER – II GENERAL PROVISIONS

3. Administration of State Lotteries: -

- (1) The Sikkim State Lotteries shall be organized, promoted and conducted only by the Government and shall be administered through the Director of Sikkim State Lotteries.
- (2) The Principal Director, Sikkim State Lotteries or Secretary to the Government of Sikkim in the Finance Department shall be the Designated Authority who shall be responsible for organising the Sikkim State Lotteries;
- (3) The Sikkim State Lotteries shall be under the administrative control of the Director with its headquarters at Gangtok;
- (4) The Branch or Camp offices of the Directorate shall be situated at all the States where the Sikkim State Lottery tickets are to be sold.

4. Organisation of Lotteries:-

(1) Purpose and Scope:

The State Government by conducting and organizing these lotteries desires to generate and augment its revenue to promote various social and developmental activities like health, education, poverty alleviation, empowerment of women, welfare and upliftment of vulnerable groups of society like destitute children, differently-abled/handicapped person(s), senior citizens etc.

(2) limitation:

- (a) The State Government shall conduct and organize Paper or Online or both lotteries subject to the conditions specified in the Lotteries (Regulation) Act, 1998, the Lotteries (Regulation) Rules, 2010 and these Rules, within and outside the State of Sikkim, wherever lotteries are permitted to be sold.

- (b) The Government shall through its Designated Authority, announce in advance, in accordance with rule 3(3) of the Lotteries (Regulation) Rules, 2010 and these rules, through a notification in the Official Gazette, the following information about each lottery proposed to be organised by it, namely:-
- i) the name of the lottery or lottery scheme;
 - ii) maximum retail price (MRP) of the lottery ticket;
 - iii) face Value per ticket;
 - iv) total number of tickets printed in case of paper lottery;
 - v) gross value of the tickets printed;
 - vi) name of the Distributor with their addresses and contact information;
 - vii) prize structure;
 - viii) the amount offered as prize money;
 - ix) periodicity of the draw;
 - x) the place where the draw shall be conducted; and
 - xi) the procedure for drawing the prize winning numbers or tickets or prize-winners.
- (3) In case the Government decides to organise more than one lottery, the procedure provided for in sub-rule 2 (b) shall be separately followed for each lottery.
- (4) The number of lottery draws except six (6) bumper draws in calendar year organised by the Government from all the lottery schemes put together, shall not be more than twenty four (24) draws per day.
- (5) No draws of a lottery shall be conducted on National Holidays (i.e., 26th January, 15th August and 2nd October).
- (6) The minimum sale price of a lottery ticket shall not be less than two rupees.
- (7) The draws shall be held in accordance with the provisions of rules made under the Lotteries (Regulation) Act, 1998.
- (8) The Sikkim State lotteries shall be organised, conducted or promoted by the Government who shall authorize the Distributor(s) for sale of tickets after entering into a written agreement on completion of the tendering process.
- (9) The State lotteries shall be named as "Sikkim State Lotteries" with such other sub-names as may be decided by the Government or Director from time to time as per market conditions.
- (10) The Distributor(s) appointed by the Government shall act in conformity with the provisions of the Act, the Central Rules and the present Rules. The Distribution Network appointed by the distributor(s), shall also act in accordance with the provisions of the Act, the Central Rules, and these Rules.

- (11) No lottery in any form shall be organised by any authority other than the Government within the State's jurisdiction.

5. Infrastructure for Conduct of Lotteries and Certification:

- (1) The State Government shall be responsible for providing adequate infrastructure for conduct of lottery draws, whether paper, online, or both.
- (2) All guidelines and instructions issued by the Ministry of Home Affairs (MHA), Government of India shall be scrupulously followed while procuring of draw machines or any other mechanical method based on random technology, which is visibly transparent to the viewers.
- (3) The Central Computer Server shall be installed within the geographical territory of the State and the Mirror Server shall be installed within the premises of the Directorate of State Lotteries, Gangtok.
- (4) The Directorate or Concerned Officer or Person duly appointed by the Government in this regard, shall exercise control and supervision over all infrastructure, including draw machine, Central Computer Server, Mirror Server, and so on.
- (5) The Directorate of State Lotteries shall obtain necessary certifications to ensure integrity of the hardware or software used for operation of online lotteries from the Standardization, Testing and Quality Certification Directorate (STQC) under the Ministry of Electronics and Information Technology.

6. Appointment and Accountability of Judges-

- (1) The Government shall appoint Judges to conduct the lottery draws (for drawing the prize-winning numbers) on a regular basis, as determined by the Government from time to time, who shall be paid an honorarium, as determined by the Designated Authority from time to time.
- (2) The Judges must be present during the draw and must verify and confirm the result announced in their presence. Following the draws, the Judges must sign the result sheet so that the Lottery Department, through its conducting or authorised officer, can release the results to the Distributor(s) and its network for publication in print media, on the website, and for other purposes.
- (3) The Distributor(s) are authorised to distribute the results to the participating public and/or general public via various methods and means, as well all media for publication of the results or other purposes, upon receipt of the results from the conducting or authorised officer.

7. Draw of Lottery: -

- (1) The date and time of draw of all Sikkim State Lotteries shall be indicated on the face of the lottery ticket itself.

- (2) All draws of the Sikkim State Lotteries shall be conducted on the day and time prescribed by the Government from time to time. However, the Director may, by recording reasons in writing, cancel or postpone the date of draw of any Sikkim State Lotteries.
- (3) All State Lottery draws shall take place within the territorial jurisdiction of the State of Sikkim. The draws shall be held in Gangtok and shall be open to the general public.
- (4) All Sikkim State Lotteries draws must be conducted in the presence of judges appointed by the Directorate and the conducting officer, or any other officer authorised for the purpose. The draw shall be monitored and supervised by the Director of Sikkim State Lotteries.
- (5) In the ordinary course, there shall be 2 (two) Judges for conduct of any draw but under unavoidable circumstances draws may be conducted by a single Judge. The decisions of the Judges present shall be final in respect of all matters connected with the draw. The Director shall be authorised to appoint Judges for conduct of Draws.
- (6) The lottery draws shall be conducted strictly in accordance with the provisions under rule 3(3) of the Lotteries (Regulation) Rules, 2010. In order to promote and augment the sale of lotteries and image of a lottery scheme, the Directorate may, at its discretion, draw the first prizes or prizes of a specific scheme or schemes from only the sold lottery tickets.
- (7) The Directorate of State Lotteries shall keep records of the tickets printed, tickets issued for sale, tickets sold, tickets that remain unsold at the time of the draw, and the prize winning tickets, as well as the amount of the prize or prizes in respect of such draw, in the manner prescribed by the Government.
- (8) The Directorate of State Lotteries shall keep records of the tickets sold for online lotteries and maintain records of the total ticket sold details upon closure of the sale before the draw. The Director should appoint or authorise an officer or technical expert to cross check the sales with the mirror server installed in the Directorate and also to maintain and keep records of sales and prize disbursement made by the Distributor(s) for every draws.
- (9) No prize shall be offered on a lottery ticket on the basis of single, double or triple digits, in any form or combination. Prizes must be drawn on a minimum of four digits, with each digit drawn straight, randomly, with a randomness of 0 to 9 and without any form or combination.
- (10) After the draw is over, the original draw result sheet shall be kept in the safe custody of the office at the Director for a minimum period of 6 (six) months or for such period as the Government may determine from time to time.
- (11) As soon as each draw is over, the copy of the results shall be supplied to the representative of the Distributor(s) by the Authorized officer (s) of the Government or Director.

- (12) (a) In consultation with the designated authority, the Director shall appoint or assign the officer for data maintenance of the online lottery for the following; namely :-
- (i) to input the online lottery provision approved by the Director as published in the State Government's Official Gazette as per Rule 3(3) of the Lotteries (Regulation) Rules, 2010;
 - (ii) to update the server with any changes made by the Director to the schemes, or postponement or discontinuation of the schemes;
 - (iii) to keep the login credentials of the server in safe custody which shall not be disclosed.
- (b) The Director shall make sure the server or backend management of data are handled only by the authorities appointed by the State Government.

8. Publication of Results: -

- (1) The Director shall publish the result of the draws in at least one national and two State level newspapers in the State in which the lottery is usually marketed, out of which one shall be in English, as well as in the official website of the Directorate of state lotteries and in the Official Gazette of the Government. Official Gazette of the Government shall be the final and official announcement of the result of the draw.
- (2) The Distributor(s) or Distribution Network may use all necessary means of advertisement and promotion to create and enhance the image for the lottery schemes of the State of Sikkim. These means shall include coverage through press and advertisement and promotion through direct mail and publicity through events like road shows, etc.
- (3) All publicity in respect of the lotteries shall be at the option of the Distributor(s) or Distribution Network. However, the Distributor(s) or Distribution Network shall ensure that the manner in which the lotteries of the State of Sikkim are portrayed in written, visual or electronic media do not tarnish the image of the Government. No promotion or advertising shall be undertaken in the media or event which is prohibited by the Government.
- (4) All costs towards such publicity shall be exclusively borne by the Distributor(s) or Distribution Network.

9. Appointment of Distributor(s): -

- (1) The Government may, through Notification, constitute a Tender Committee to float the Notice Inviting Tenders in order to appoint the Distributor(s).
- (2) Any individual(s) or a firm(s) or a body corporate(s) or person(s), with experience in marketing and selling lotteries may be appointed under rule 9(1) as the Distributor(s) for a period determined by the Government, on fulfilment of all the terms and conditions set by the Directorate, through open tender or any mechanism as deemed appropriate by the Government.

- (3) The Government may, at its discretion, determine the number of Distributors to market and sell the Sikkim State Lotteries at the time of appointment as well as the number of draws allotted to each Distributor in case there is more than one Distributor.
- (4) The Government may specify qualifications and experience in the distribution and marketing of state-organized lotteries within and outside the State, wherever lotteries are permitted to be sold, as well as any other criteria or terms and conditions deemed necessary in light of the current and/or anticipated lotteries market conditions.
- (5) While floating the notice inviting tender, separate procedures shall be followed for technical and financial bids as per the terms and conditions decided by the Designated Authority.
- (6) Notwithstanding any of the above, in the event of delay in finalising of the tender, the Government may appoint the existing Distributor(s) on an interim basis for a period as approved by the Government in the interest of safeguarding Government revenue till the finalisation of the tender or a new Distributor(s) is appointed.
- (7) The appointed Distributor(s) shall be authorised to appoint their sub-distributors, area distributors, selling agents and stockists to sell and distribute lottery tickets in the market at their own expense and risk. A list of such appointed entities along with the necessary particulars, address, etc., shall be furnished by the Distributor(s) to the Director, Sikkim State Lotteries.

10. Distribution Agreement: -

- (1) The Government shall enter into a Distribution/marketing agreement with the selected Distributor(s) which shall be signed by the Designated Authority in the name of the Governor or by an officer authorised to sign the agreement on behalf of the Government.
- (2) The Agreement signed under sub-rule (1) above, between the Government of Sikkim and the selected Distributor(s) shall specify the type, nature and other clauses that may be necessary of lotteries to be held during the period covered by the Agreement.
- (3) All agreements entered into between the Government and the Distributor(s) prior to the commencement of the present rules shall be deemed to have been entered into under the corresponding provisions of these rules, to the extent that they are not inconsistent with the provisions of these rules.

11. Printing of Paper and Online Lottery Tickets: -

- (1) The paper lottery tickets and the stationery on which the online lottery tickets are issued shall be printed by the Government at a Government Press or any other High Security Press included in the panel of the Reserve Bank of India or by the Indian Banks' Association, Mumbai.

- (2) The Government, through the Director, shall appoint or empanel printer(s) of repute to print lottery tickets on terms agreed upon by both parties. The Government shall take all reasonable precautions in the printing of tickets to ensure the genuineness and authenticity of lottery tickets and to prevent duplication and sale of fake lottery tickets.
- (3) All lottery tickets must bear the State logo and a facsimile signature of the Director or Designated Authority.
- (4) The prize amounts offered, the date and time of the draw and the Maximum Retail Price of the ticket must all be printed in English on each lottery ticket. The Director shall have the authority to reject any and all lottery tickets printed, that are found to be in violation of these rules.
- (5) On the reverse side of the tickets, there shall be printed information in English or any regional language indicating the prize structure, face value, and any other essential details and conditions deemed necessary for the purchasers by the Government. The Government, through the Director, shall determine the terms and conditions that appear on the lottery tickets.
- (6) The Director, in consultation with the Distributor(s), may change the terms and conditions printed on the back of the tickets at any time, so long as the same comply with the Lotteries (Regulation) Act, 1998, the Lotteries (Regulation) Rules, 2010 and these rules as well as the Agreement.
- (7) Subject to lottery market requirements, the Director may order the printing of lottery tickets that are less than those approved or notified by the Government in the Official Gazette.
- (8) When placing the printing order, the Director, shall specify the number of series, the number of tickets in each series, the grouping of tickets if any, in each booklet, and the total number of tickets to be printed. Each such series shall be distinguished by alphabetical notation such as A, B, C, D, and so on, or by numerical notation such as 0 (nought) to 9 (nine) and so on, followed by an oblique line (/) and alphabetical notation such as A, B, C, D, or AA, BB, CC, DD, and so on.
- (9) The Director or any officer authorised by the Director, shall arrange to deliver the tickets on behalf of the Government to the Distributor(s) at the mutually decided destination for sale.
- (10) Any defect or deficiency noticed in the printed tickets shall immediately be brought to the notice of the Director. Under no circumstances, should such defective tickets be sold. The purchaser(s) or Distributor(s), as the case may be, may get rectified tickets in exchange for the defective tickets without extra payment. The exchange shall be done by the Government or Distributor(s) immediately on production of the defective or mutilated tickets by the Distributor(s) or Purchaser, as the case may be.
- (11) In case of loss of tickets in transit, the same shall immediately be brought to the notice of the Director who shall cause immediate publication of such loss in the newspapers and take suitable measure, as deemed necessary.

- (12) The online lottery tickets must be printed using dedicated terminal or kiosk that is linked to the central server installed by the Government. The Director should inspect the security system of online lotteries printing through the dedicated terminal or kiosk and the entire system of operation on a regular basis.
- (13) Tickets sold through online terminals or kiosks must bear the State logo, the facsimile signature of the Director State Lottery or any other officer authorised by the Government, ticket name, the date and time of the draw, and ticket price (MRP). It may also include security marks, bar codes, or QR codes to protect the interests of both the players and the state.
- (14) Online tickets may be sold to intending players and purchasers after printing the players selected numbers upon payment through the authorised distributor and sub-agents at retail computer terminals and kiosks set up specifically for the purpose.
- (15) The sale details shall be procured from the server or mirror server located at the Government premises and the same shall also be provided by the Distributor(s) to the Director before the draw-break time. The draw for the particular online lottery shall commence only upon submission of such report.
- (16) If any ticket is issued to any purchaser beyond the draw-break time at any place and in the event of such tickets winning any prize the ticket shall not be honoured or considered by the State Government. It shall be the responsibility of the Distributor to compensate for the ticket to its purchaser.
- (17) The player of online lotteries shall ensure the correctness and genuineness of the computerized lottery ticket issued by the authorised retailer. Unless the constituent player brings to the notice of the sales person or retailer at the dedicated terminal or kiosk any discrepancy, errors or omissions etc. immediately before leaving the dedicated terminal or kiosk the matter and numbers printed on the tickets shall be deemed to have been accepted by the player as correct and shall bind the constituent player for all purpose and intents.

12. Duties and Responsibilities of the Distributor(s) Pertaining to Online Lotteries:-

- (1) The Distributor(s) appointed shall prepare and submit detailed accounts of sale of tickets every week in such form as may be specified by the State Government, further they shall prepare and submit a statement showing aggregate value of all tickets sold per draw, before the draw is conducted.
- (2) The Distributor(s) shall ensure that the terminals including all component parts accessories used in the network are procured from genuine lottery terminal supplier.
- (3) The Distributor(s) shall ensure that any data and information relating to online or computerised network lottery cannot be accessed, read, added to, removed or altered by unauthorized person. A log books should be maintained to prevent unauthorized infringement of the place where such system is installed.
- (4) It shall be the responsibility of Distributor(s) to protect the secrecy of the process of production and distribution of the lottery ticket and other items in a computerized network. They shall ensure the safety of such materials and equipment which could be in other way used to produce forged tickets.

- (5) The Distributor(s) should ensure the security and safety of equipment, data, ticket materials and other consumables used in production of tickets the communication network and retail terminal or kiosk so as to prevent theft, fraud, misuse or total destruction from fire or accidents. They shall abide by any security measure that may be ordered by the State Government in this behalf.
- (6) The Distributor(s) shall ensure that the lottery tickets are not sold in "Lottery free zone" States or Union territories.

13. Payment of Expenses:-

- (1) The revenue earned from unclaimed prize money and the scrap sale of unsold lottery tickets shall be used by the Government for the following purposes, namely:-
 - (a) to pay security printer bills for paper lottery tickets and bills for online lottery stationery supplied by a government approved supplier;
 - (b) for meeting the legal expenses incurred while defending cases in favour or against in the interests of Sikkim State Lotteries in any Court of the country;
 - (c) for advertisement expenses incurred directly by the department in the publication of results, Notice Inviting Tender (NIT), public notices, and so on.
 - (d) for the purchase of a mechanical draw machine or Random Number Generator (RNG) device, as well as their repair and maintenance, including any major and minor wear and tear caused by regular use.
 - (e) The Director has the authority to seek reimbursement in the event of any shortfall for payment of printing charges, legal expenses, advertisement expenses etc. from the distributor (s), and the distributor must make the payment within seven (7) days of receiving a written demand from the Directorate of Sikkim State Lottery.
 - (f) In addition to the proceeds of sale and minimum assured revenue payable to the Government by the Distributor(s), the Director, shall have the liberty to raise additional demand to the Distributor(s) for various administrative expenses incurred in the running of lotteries.

14. Framing of lottery schemes:-

- (1) The State Government may, by Notification, frame lottery schemes for the purpose of these rules, from time to time.
- (2) The total value of the prizes or pay out per draw shall be determined by the Director, taking into account the lottery schemes floated by the other Organising States and the prevailing lottery market conditions.
- (3) The Director may frame and introduce different lottery schemes from time to time. The Director may at its discretion, consult the Distributor(s) while framing various lottery schemes.

- (4) The clauses of the schemes may be changed or modified by the Director from time to time, keeping in view market conditions and/or suggestions if any, from the Distributor. Similarly the total value of prize per draw against the total value of the tickets printed for each draw shall also be determined by the Designated Authority/ Director depending upon the prevailing market conditions.
- (5) The number of prizes for each draw shall be as per the scheme decided by the Director, which may increase or decrease, the percentage of the prize structure as per market trends.
- (6) The first prize in any lottery scheme shall not be less than ten thousand rupees.
- (7) The Designated Authority may at its discretion, draw the first prizes or prizes of a particular scheme/schemes, from only the sold lottery tickets in order to promote that lottery scheme/schemes and enhance its image.

15. Claim of Prizes: -

- (1) All claims of taxable prizes above ₹ 10,000/- shall be submitted to the Director along with the following namely: -
 - (a) claim form (duly filled in), as may be specified by the Director, from time to time;
 - (b) original prize winning ticket duly signed by the Claimant on the reverse side of the lottery ticket;
 - (c) three passport sized photographs of the Claimant;
 - (d) an affidavit and declaration in the prescribed format on non-judicial stamp paper, swearing to the ownership and genuineness of the prize winning ticket from any Magistrate/Notary/Oath Commissioner; and
 - (e) self Attested copy of the valid Passport or Election Identity Card or Aadhaar Card or Driving License, Pan Card and cancelled Cheque Leaf or any such other documents as may be notified by the Directorate of Sikkim State Lotteries, Government of Sikkim, from time to time.
- (2) The Government shall be responsible for payment of all prizes in various draws.
- (3) The Distributor(s) must submit the following information to the Directorate, namely:-
 - (a) all Non-taxable prize winning amount disbursed by the Distributor(s)/Distribution Network along with account of prizes disbursed by them;
 - (b) an account of prize money that remain unclaimed or not otherwise distributed within the prescribed time limit as fixed by the Director, Sikkim State Lotteries; and

- (c) detailed information on unsold lottery tickets should be provided in writing or electronically prior to the scheduled draw time of each lottery draw, followed by all physical unsold lottery tickets within the time frame specified by the Director.
- (4) The items indicated in clauses (a), (b) and (c) of sub-rule (3) of rule 15 of these rules shall have to be submitted to the Director, Sikkim State Lotteries, within a period of 45 (forty five) days from the date of each draw. On submission of such account to the satisfaction of the Director, the same shall be adjusted in appropriate account.
- (5) All unclaimed prize money or not otherwise distributed, shall be the property of the Government.
- (6) All prizes of each draw shall be claimed by the Claimant within 30 (thirty) days from the date of draw, failing which the Government shall, in no case, be held responsible for non-payment of prizes and the said prizes shall stand forfeited to the Government. However, the Government reserves the right to disburse the prize even if the claim is received after thirty (30) days; but the maximum period of the same shall in no way exceed forty five (45) days from the date of draw.
- (7) The Government shall in no manner, be liable to pay the prize money on any ticket that has been lost in postal transit, fabricated, duplicated, faked, altered, colour photocopied, printed anywhere other than the assigned security printers, or found to be illegal, mutilated, defaced, or tampered with in such a way that its genuineness cannot be verified.
- (8) The Government has the authority to call and depose the claimant in case of doubt on the genuineness of ticket.

16. Examination of Prize Winning Tickets:

- (1) The prize winning tickets received by the Director shall be examined strictly in line with the following procedure, namely:-
 - (a) the Lotteries Department shall send the tickets it receives from the Claimant to the relevant printer(s) for authentication of their genuineness for paper lotteries; and for online lotteries the Director, Sikkim State Lotteries shall be responsible for verifying the genuineness of the tickets, through mode such as QR Code/ Bar Code, forensic laboratory etc;
 - (b) the tickets, even if mutilated but with the series and ticket number remaining intact, shall also be accepted for examining its genuineness or otherwise; and
 - (c) if the Directorate receives a duplicate claim, it will send it to the printer(s) concerned for verification, and once the verification report is received, the Department will notify the Claimant about the authenticity of the ticket. If a Claimant of a forged ticket is dissatisfied with the verification report issued by the printer(s), he or she may submit a new affidavit on 100/- stamp or e-stamp paper within 30 (thirty) days from receipt of the notice from the Directorate, stating that he or she will bear the cost of courier, postal, forensic lab testing, etc., or the entire cost of the process, and that he or she is willing to face the consequences, if the ticket is found to be fraudulent or not genuine once again, then the Directorate will send it to a forensics lab to be authenticated.

- (2) Any Claimant claiming the prize money with fabricated, duplicated, faked, altered, colour photocopied, printed anywhere other than the assigned security printers, or found to be illegal, defaced, or tampered ticket shall be liable for penalty with such fine or action or both as may be determined by the Government.

17. Payment of Prize Money: -

- (1) The Director shall disburse prize money for accepted genuine claims after deducting the necessary Tax Deducted at Source and any other deductions, if any.
- (2) A single ticket shall enable the Claimant thereof to claim a single prize only.
- (3) Payment of Prizes above ₹ 10,000/- shall be made by the Director after deduction of Income Tax and other taxes as applicable and Departmental charges, if any. The Claimant for prizes above ₹ 10,000/- shall have to submit their claim to the Director/Nodal officer/Lottery Inspector in the specified format within 30 (thirty) days from the date of draw.
- (4) Claims for the prizes above ₹ 10,000/- that are not submitted to the Director/Nodal officer/authorised officer within the period of 30 (thirty) days from the date of draw will not be disbursed and will be forfeited to the Government as unclaimed prize money.

Provided that the Director may, at his or her discretion, disburse the prize amount to the claimant on his or her application for reconsideration even after the expiration of the said period if he or she is satisfied that the reasons for failing to claim the prize amount within the said period are cogent and genuine. However, such discretion shall not be exercised for claims received after forty five (45) days from the date of the draw.

- (5) The Government may authorize the Distributor(s) along with its Distribution Network, as stipulated in the Agreement, to disburse payment of prizes on its behalf up to ₹ 10,000/- .
- (6) The distributor(s) shall, deposit the amount of the unclaimed or undistributed prize money up to ₹ 10,000/- for which Income Tax will not be deducted at source, upon the demand being raised by the Director after verification of the prize winning tickets.
- (7) The payment of all prize monies shall be only in Indian currency.
- (8) All non-taxable prize winning tickets (PWT) shall be kept in the custody of the Director, Directorate of Sikkim State Lotteries in Gangtok, or any other officer authorised by the Director in other states where camp offices are in operation for a maximum of twenty-eight (28) days from the date of submission of such tickets by the distributor(s), subsequent to which such tickets may be destroyed as per the procedure followed by the Government.
- (9) If a Claimant makes multiple claims for prizes of up to ₹ 10,000/- in a fiscal year directly to the Government, and the total amount exceeds ₹ 10,000/- cumulatively, tax shall be deducted at source in accordance with the Income Tax Act of 1961.

18. Mode of Payment to and by the Government: -

- (1) The Distributor(s) shall make all payments due to the Government by Real Time Gross Settlement (RTGS), demand draft drawn in favour of the Director, Sikkim State Lotteries, payable at Gangtok, on any scheduled/nationalized bank with a branch at Gangtok, or any other mode of bank transfer to the bank account as specified by the Government from time to time.
- (2) The Director shall raise an Invoice on the Face Value of tickets actually sold for this purpose.
- (3) The Distributor(s) at the time of signing the Agreement for marketing and sale of lotteries shall furnish to the Government a Security Deposit in the form of a Bank Guarantee or Fixed Deposit drawn from any Scheduled/Nationalized bank having its branch in Gangtok or any other mode specified by the Government from time to time, for a stipulated amount which will be determined by the Government and stated in the Agreement. The Security Deposit shall be furnished for the entire period of Agreement.
- (4) In case the Security Deposit is found valid for a period shorter than the period of Agreement, the Distributor(s) shall get it renewed for the remaining period of the Agreement within a maximum of 30 (thirty) days ahead of expiry of the Security Deposit failing which an ex-parte decision towards its invocation may be taken by the Government. Further, the Security Deposit shall be forfeited to the Government for breach of any terms and conditions of the Agreement on the part of the distributor(s).
- (5) The amount of Security Deposit, may be revised/reviewed from time to time, at the discretion of the Government, after giving due notice to the Distributor(s) and discussing the same with the Distributor(s).

19. Accounts and Audit: -

- (1) The Directorate shall raise invoices to the Distributor(s) at regular intervals or as determined by the Director from time to time, based on the face value per ticket notified in the Official Gazette. For the purposes of maintaining and certification of accounts of lotteries, the Director may appoint a firm or Company of Chartered Accountants and Technical experts.
- (2) The Government reserves the right to inquire into the Distributor's lottery business by issuing a written request / notice.
- (3) The Distributor(s) shall also appoint a Chartered Accountant for audit of its Financial Statements related to lottery operations and accounts.
- (4) The Directorate may from time to time prescribe the procedure for Accounting which the Distributor(s) shall follow.

20. Payments of Proceeds of Sale and Minimum Assured Revenue: -

- (1) The Government shall notify the discount rate per ticket to be provided to the Distributor(s) from time to time depending upon the scheme and market conditions.

- (2) The Director or Nodal officer or authorised officer shall issue invoices to the Distributor(s) for the actual sold quantity of tickets based on the Face Value.
- (3) After the draw, prizes of up to ₹ 10,000/- on sold tickets shall be adjusted against their face value. The Directorate shall issue approval letter to the Distributor(s) for prizes up to ₹ 10,000/- for the purpose of adjustment, for any /all lottery schemes of the Government of Sikkim.
- (4) The Distributor(s) shall deposit the Proceeds of Sale calculated on the Face Value of tickets for the actual number of tickets sold as per clause (2) after adjusting the Prizes upto ₹ 10,000/- as per the approval letter mentioned in clause (3) to the Government, upon receipt of the weekly invoice from the Directorate or Nodal officer or authorised officer within a period of fifteen (15) days. Failure to submit the proceeds of sale in the stipulated time shall invite a penal interest @12% per annum.
- (5) The Distributor(s) shall deposit the unclaimed prize money up to ₹ 10,000/- separately on the demand raised by the Directorate after physical verification of Prize Winning Tickets, after the expiry of the claim period but not later than 45 (forty five) days.
- (6) Upon the Director raising the demand after verifying the prize-winning tickets submitted by the Distributor(s) up to ₹ 10,000/- and sending a written intimation to the Distributor(s), the Distributor(s) shall make the unclaimed prize money available to the Government as per clause (4) above.
- (7) The Government shall fix an annual Minimum Assured Revenue at the time of floating the Notice Inviting Tender (NIT). The distributor(s) shall be required to deposit the amount to this effect within such period specified by the Agreement.
- (8) All payments due to the Government shall be made by the Distributor(s) by Real Time Gross Settlement, demand draft drawn in favour of the Director, Sikkim State Lottery on any Nationalized/Scheduled bank in Gangtok or any other mode of Bank transfer to the bank account as specified by the Government from time to time.

21. Payment of Goods and Services Tax and Statutory Liabilities: -

- (1) The Distributor(s) shall be solely liable for the payment of Goods and Services Tax on the actual number of tickets sold under Reverse Charge Mechanism (RCM) basis. The Distributor(s) shall submit the Goods and Services Tax paid receipts to the Directorate of State Lotteries on a monthly basis.
- (2) The monthly sales report shall be published in the Official Gazette, and it must include the actual number of lottery tickets sold as well as the total Maximum Retail Price value for each state where lottery is permitted to be sold.
- (3) All other statutory taxes, levies, duties etc., within the State of Sikkim shall be borne and paid by the Government.
- (4) All the statutory taxes, levies, duties etc., in respect of sale of Sikkim State lotteries outside the State of Sikkim shall be borne by the Distributor(s)/Distribution Network.

22. Unsold Lottery Tickets and Disposal:

- (1) The Distributor(s), after each draw is held, shall return all the unsold tickets, if any, of such lotteries to the Director of Sikkim State Lotteries or shall keep the same at a secured place, as may be necessary, from time to time.
- (2) Unsold tickets from the weekly or monthly or bi-monthly or bumper lottery, if any, shall be disposed of in the manner specified from time to time by the Director or Designated Authority.

23. Intimation of Marketing Arrangement to the State Government:-

- (1) It shall be the responsibility of the Director, State Lotteries to inform a State Government or Union Territory under whose territory its lottery tickets are being sold or proposed to be sold about Lottery Scheme, the marketing arrangements such as persons or firms involved in the sale or distribution and security printers involved in the printing of lottery tickets.
- (2) The Designated Authority or the Director of State Lotteries shall be responsible for ensuring the smooth marketing and sale of lottery tickets, and in the event of a crisis of any kind that hampers or is anticipated to hamper the sale of the Sikkim State Lotteries, maintain direct contact with the officer of the State Government under whose territory the tickets are sold or proposed to be sold.

24. Hiring of manpower:

- (1) The Directorate of Sikkim State Lotteries may hire manpower or skilled labour with prior approval of the Government, inter alia to manage the godown or warehouse, store tickets received from security printers, handle work for issuance or delivery of tickets to distributors(s), and counting of winning tickets submitted by Distributors(s) as and when required, on a contractual basis from an agency with a similar job description.
- (2) The Directorate shall ensure that contractual manpower or skilled labour do not create any constraints on, or hamper in any manner, the business of the Distributor(s) while performing the department's assigned work, and that there are no violations of the Lotteries (Regulation) Act, 1998, Lotteries (Regulation) Rules, 2010 as well as the present Rules, or directions issued by Ministry of Home Affairs under section 10 of the Act.

25. Addressing of Complaints and Disputes:-

- (1) The Government may by Notification constitute a Committee to examine any complaints or allegations received from the general public, and make suggestions or recommendations as it may deem fit, to facilitate the smooth running of the State's lotteries. The report of the Committee and its suggestions shall be recommendatory in nature and may be considered by the Government for taking any action.
- (2) Complaints shall be considered only if they are accompanied by a sworn affidavit. A complaint shall be dismissed if received without a name, signature, copy of a valid

identity card, a sworn affidavit, and verifiable material to justify the complaint or allegation. Complaints or allegations shall be handled “promptly, fairly, and without charge.” Furthermore, if the complaint or allegation is found to be false after a thorough investigation, appropriate action, both civil and criminal, may be taken against the Complainant, and the Complainant may be ordered to pay costs.

26. Legal proceedings:-

The Director shall be deemed to be authorised to defend cases filed against the Directorate or the Government, as well as to file cases before any forum including against a competitor Organising State or any complainant against the Government.

27. Jurisdiction: -

The courts situated within the State of Sikkim shall be deemed to be the Courts of jurisdiction in the event of any proceedings being initiated under the present rules.

28. Interpretation: -

If any question arises as to the interpretation of the present rules in regard to any matter not expressly provided for in the present rules, the matter shall be referred to the Government and the decision of the Government thereon shall be final and binding.

Provided that no such interpretation shall be opposed to or be inconsistent with any of the provisions of the Lotteries (Regulation) Act, 1998 or the Lotteries (Regulation) Rules, 2010.

29. Repeal and Savings: -

- (1) On and from the commencement of the present rules, the Sikkim State Lottery Rules, 2003 and Sikkim On-Line Network Lottery Rules, 2001 shall stand repealed.
- (2) Notwithstanding such repeal, anything done or any action taken under the rules so repealed, made under the repealed rules, shall, if not inconsistent with any provisions of the Lotteries (Regulation) Act, 1998, the Lotteries (Regulation) Rules, 2010 or the present rules, be deemed to have been done or taken under the corresponding provisions of the present rules.

**Principal Director,
Directorate of Sikkim State Lotteries
Finance Department
Government of Sikkim
FIN/DSSL/III/954/2022-23**