

# PARLIAMENT OF INDIA

## RAJYA SABHA

### DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON HOME AFFAIRS

#### EIGHTY-FIRST REPORT ON LOTTERIES (PROHIBITION) BILL, 1999

(PRESENTED TO RAJYA SABHA ON DECEMBER 12, 2001)  
(LAID ON THE TABLE OF LOK SABHA ON DECEMBER 12, 2001)



RAJYA SABHA SECRETARIAT  
NEW DELHI  
DECEMBER, 2001/AGRAHAYANA, 1923 (SAKA)

#### C O N T E N T S

1. [COMPOSITION OF THE COMMITTEE \(1999-2000\)](#)
2. [COMPOSITION OF THE COMMITTEE \(2001\)](#)
3. [INTRODUCTION](#)
4. [REPORT](#)
5. [RELEVANT MINUTES OF THE MEETINGS OF THE COMMITTEE](#)
6. [ANNEXURE](#)

#### COMPOSITION OF THE COMMITTEE (1999-2000)

1. Shri Pranab Mukherjee — *Chairman*
- RAJYA SABHA
2. Shri Hiphei
  3. Shri Surendra Kumar Singh
  4. Shri Sangh Priya Gautam
  5. Dr. L. M. Singhvi
  6. Shri S. Ramachandran Pillai
  7. Shri K. M. Saifullah

8. Shri C. M. Ibrahim
9. Shri Raj Mohinder Singh
10. Shri C. P. Thirunavukkarasu
11. Shri Drupad Borgohain
12. Shri Kuldip Nayyar
13. Dr.(Smt.) Joyasree Goswami Mahanta
14. Shri Hansraj Bhardwaj
15. Shri Jayanta Bhattacharya

LOK SABHA

16. Shri Manabendra Shah
17. Shri Lal Bihari Tiwari
18. Shri Vinay Katiyar
19. Shri Prakash Mani Tripathi
20. Shri Anadi Sahu
- \* 21. Maj. Gen. (Retd.) B.C. Khanduri
22. Shri Ram Nagina Mishra
23. Shri Vaidya Vishnu Datt
24. Smt. Jayashree Banerjee
25. Shri Rajen Gohain
26. Shri N. Janardhana Reddy
27. Shri Rajkumar Wangcha
28. Shri Iqbal Ahamed Saradgi
29. Smt. Nisha Chaudhary
30. Shri Jitendra Prasada
31. Shri Dahyabhai V. Patel
32. Shri M. O. H. Farook
33. Shri Samar Choudhury
34. Shri Subodh Roy
35. Dr. S. Venugopalachari
36. Shri Beni Prasad Verma
37. Shri Raghuraj Singh Shakya
38. Shri Arun Kumar
39. Shri Suresh Ramrao Jadhav
40. Shri P. H. Pandian
41. Shri Shriniwas Patil
42. Dr. Raghuvansh Prasad Singh
43. Dr. Jayanta Rongpi
44. Shri S. K. Bwiswmuthiary
- \* 45. Shri Vijay Goel

---

\* Nominated *w.e.f.* 6 April, 2000.

(ii)

---

**COMPOSITION OF THE COMMITTEE (2001)**

1. Shri Pranab Mukherjee- *Chairman*

## RAJYA SABHA

2. Shri Hansraj Bhardwaj
3. Shri Hiphei
4. Shri Surendra Kumar Singh
5. Shri Sangh Priya Gautam
6. Dr. L.M. Singhvi
7. Shri S. Ramachandran Pillai
8. Shri K.M, Saifullah
9. Shri C.M. Ibrahim
- φ 10. Shri Raj Mohinder Singh
11. Shri C.P. Thirunavukkarasu
12. Shri Drupad Borgohain
13. Shri Kuldip Nayyar
- \* 14. Dr.(Smt.) Joyasree Goswami Mahanta
15. Shri Jayanta Bhattacharya
- ©16. Shri Pritish Nandy
- ®17. Shri B.S. Gnanadesikan

## LOK SABHA

18. Shrimati Jayashree Banerjee
19. Shri S.K. Bwiswmuthiary
- ♠20. Shrimati Nisha Chaudhary
- \*\*21. Shri Samar Chaudhary
22. Shri M.O.H. Farook
- # 23. Shri Vijay Goel
24. Shri Rajen Gohain
25. Shri Suresh Ramrao Jadhav
26. Shri Vinay Katiyar
27. Shri Arun Kumar
28. Shri Ram Nagina Mishra
29. Shri P.H. Pandian
30. Shri Dayabhai Vallabhai Patel
31. Shri Shriniwas Patil
- \*\*\* 32. Shri Jitendra Prasada
33. Shri Subodh Ray
- 34.. Shri N. Janardhana Reddy
35. Dr. Jayanta Rongpi

---

φ Ceased to be Member *w.e.f.* 1 March, 2001

\* Ceased to be Member *w.e.f.* 14 June , 2001 on expiry of term as Member of Rajya Sabha.

© Nominated *w.e.f.* 3 August, 2001.

® Nominated *w.e.f.* 20 August, 2001.

♠ Expired on 30 January, 2001.

\*\* Expired on 10 September, 2001.

# Ceased to be Member *w.e.f.* 1 September , 2001 on being appointed Minister.

\*\*\* Expired on 16 January, 2001.

(iii)

36. Shri Anadi Sahu
37. Shri Iqbal Ahmed Saradgi
38. Shri Manabendra Shah

39. Shri Raghuraj Singh Shakya  
\$ 40. Shri Vishnu Datta Sharma  
41. Dr. Raghuvansh Prasad Singh  
42. Shri Lal Bihari Tiwari  
43. Shri Prakash Mani Tripathi  
φ 44. Dr. S. Venugopal  
45. Shri Beni Prasad Verma  
46. Shri Raj Kumar Wangcha  
◆ 47. Shri Harin Pathak  
♥ 48. Shri E. Ponnuswamy  
## 49. Shri Jaisingrao Gaikwad Patil

---

\$ Expired on 27 November 2001.

φ Ceased to be Member *w.e.f.* 19 March, 2001 on being nominated to Committee on Human Resource Development.

◆ Ceased to be Member *w.e.f.* 15 October, 2001 on being appointed as Minister.

♥ Nominated *w.e.f.* 8 March, 2001.

## Nominated *w.e.f.* 21 November 2001.

(iv)

---

## INTRODUCTION

I, the Chairman of the Department-related Parliamentary Standing Committee on Home Affairs, having been authorised by the Committee to submit the Report on its behalf, do hereby present this Eighty-first Report of the Committee on the Lotteries (Prohibition) Bill, 1999. \*

2. In pursuance of the Rules relating to the Department-related Parliamentary Standing Committees, the Chairman, Rajya Sabha in consultation with the Speaker, Lok Sabha referred\*\* the Lotteries (Prohibition) Bill, 1999, as introduced in the Rajya Sabha on 23 December 1999 and pending therein, to the Committee on 14 February 2000 for examination and report.

3. The Committee considered the Bill in six sittings held on 29 June, 24 October, 6 and 8 November 2000 and 26 June and 2 November 2001.

3.1 The Committee heard oral evidence of the Secretary, Ministry of Home Affairs on the Bill in its sitting held on 29 June 2000.

3.2 In its sitting held on 24 October 2000, the Committee heard the representatives of Governments of Meghalaya, Punjab, Manipur and Arunachal Pradesh.

3.3 In its sittings held on 6 and 8 November 2000, the Committee heard the oral evidence of representatives of associations/organisations associated with lottery and allied trades (*see* Annexure-II). In addition to this, representatives of a voluntary organisation called Lok Abhiyan also presented their views on the subject of the Bill in their presentation before the Committee in its sitting held on 8 November 2000.

3.4 The Committee considered the draft Report in its sitting held on 2 November 2001 and adopted the same. It also decided that the evidence tendered before the Committee may be laid on the Table of both the Houses of Parliament.

4. In the course of its deliberations, the Committee has made use of the background note on the Bill received from the Ministry of Home Affairs, memoranda received from various State Governments, memoranda/representations received from MPs, associations/organisations mentioned in Annexure-II and general public, replies of the Ministry of Home Affairs, State Governments and associations/organisations to the queries raised by the Members in the sittings of the Committee.

5. For facility of reference and convenience, observations and recommendations of the Committee have been printed in bold letters in the body of the Report.



NEW DELHI;  
November 2, 2001

PRANAB MUKHERJEE  
Chairman  
Committee on Home Affairs

\*Published in the Gazette of India Extraordinary, Part-II, Section 2, dated 23 December, 1999.

\*\*Parliamentary Bulletin Part-II No.37779 dated 16 February , 2000.

## REPORT

The Lotteries (Prohibition) Bill, 1999 (*see* Annexure-I) seeks to prohibit the Central Government, State Governments and any organisation controlled by such Government from conducting, organising or promoting any lottery. It also seeks to repeal the Lotteries (Regulation) Act, 1998.

2. Under the existing constitutional framework, Parliament has exclusive power to make laws with respect to matters enumerated in the Union List as contained in the Seventh Schedule to the Constitution. As regards the items enumerated in the State List, the legislature of any State has exclusive power to make laws for such State or any part thereof with respect to any of the matters enumerated therein.

3. As per the Constitutional provisions pertaining to the lotteries, there can be two following categories of lotteries:

- (i) Lotteries organised by the Government of India or the Government of State under Entry-40 of the Union List of the Seventh Schedule to the Constitution; and
- (ii) Lotteries organised under Entry-34 viz. 'Betting and Gambling' of the State List of the Seventh Schedule.

3.1 As regards the first category, the Parliament is fully competent to legislate. In contrast to this, lotteries organised by private individuals, institutions, etc. are covered under the second category which a State Government is fully competent to authorise.

4. Here it may be noted that the Central Government does not organise any lottery. It has also advised Union Territories not to permit any private lotteries. However, according to the Background Note supplied by the Ministry of Home Affairs, 12 States namely, Andhra Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Jammu and Kashmir, Madhya Pradesh, Meghalaya, Orissa, Rajasthan, Tripura and Uttar Pradesh do not organise any lottery. Besides, no Union Territory is at present organising any lottery. In contrast, 13 States namely, Arunachal Pradesh, Goa, Haryana, Karnataka, Kerala, Maharashtra, Manipur, Mizoram, Nagaland, Punjab, Sikkim, Tamil Nadu and West Bengal are organising their own lotteries.

5. While tracing the genesis of the Lotteries (Prohibition) Bill, 1999, its Statement of Objects and Reasons states that the malpractices in the conduct of lotteries and its impact on the poorer sections of the society had been under scrutiny of the Government for quite some time. The continued prevalence of the popularly known single digit and instant lotteries and the temptation offered by them had proved to be the undoing of many families. In spite of the guidelines issued by the Central Government from time to time as also the guidelines issued by the Supreme Court in the matter, the evil could not be totally eliminated and it was felt that a Central legislation to regulate the conduct of lotteries was necessary to protect the interests of the gullible poor. To tackle this evil, the Lotteries (Regulation) Act, 1998 was enacted by the Parliament. This Act, besides imposing stipulations for conduct of lotteries in the country, banned single digit and pre-announced number lotteries.

5.1 The Statement of Objects and Reasons *inter alia* states that the matter was debated at length in Parliament when the said Bill was taken up for consideration. During the debate there was an overwhelming view in both Houses of Parliament in favour of banning the lotteries. The matter was also placed before the Conference of Chief Ministers held on 27 November 1998 in New Delhi. The general consensus in the Conference was that lotteries should be statutorily banned.

5.2 In this backdrop, the Lotteries (Prohibition) Bill, 1999 was introduced in the Rajya Sabha on 23 December 1999. Subsequently, it was referred to the Department-related Parliamentary Standing Committee on Home Affairs on 14 February 2000 for examination and report.

6. As mentioned in the Statement of Objects and Reasons, the Lotteries (Regulation) Bill, 1998 was also referred to the Department-related Parliamentary Standing Committee on Home Affairs for examination and report since the Committee in its

Forty-second Report on the said Bill dwelt at length on the subject matter of lotteries. After considering all aspects of the subject matter, the Committee recommended for an across the board ban on all kinds of lotteries. It strongly recommended to the Government to come forward with a comprehensive Bill at the earliest in consultation with all the State Governments and the Union Territory Administrations imposing complete ban on lottery trade in the country having regard to the feasibility of effective implementation of the recommended legislation.\*

7. The Committee took up the consideration of the Lotteries (Prohibition) Bill, 1999, in its meeting held on 17 May 2000. Keeping in view the public importance of the Bill, the Committee decided to invite views/suggestions from individuals/organizations thereon. It, accordingly, authorised its Chairman to issue a Press advertisement for inviting views/suggestions.

7.1 In response to the Press advertisement issued on 22 May 2000 which was published in the major English and Hindi dailies and vernacular newspapers all over the country between 1 and 4 June 2000, a large number of representations/memoranda were received. These representations are broadly divided into two categories namely, Category 'A' for representations/memoranda in favour of the Bill and Category 'B' for representations/memoranda against the Bill. These two categories can further be sub-divided as follows:

Category 'A' (In favour of the Bill)		No. of Representations	Category 'B' (Against the Bill)		No. of Representations
1.	MP (Lok Sabha)	01	1.	MPs (both Lok Sabha and Rajya Sabha)	26
2.	Lottery Prohibition Forum/ Individuals	07	2.	Associations of Lotteries Traders/ Agencies/Agents	23
3.	Political Party	01	3.	Individuals employed directly and indirectly in lottery trade and its allied industries	53711
			4.	Paper Mills	03
			5.	Printers/Printers' Associations	10
			6.	Transporters	03
			7.	Social Institutions	04
			8.	Other Individuals	112
	Total	09			53892

\* Forty-second Report of Committee on Home Affairs, 1998, para 15.

7.2 The points raised in the representations can also be enumerated category-wise as under:

#### Category 'A'

##### I. Member of Parliament (Lok Sabha)

Lottery trade has ruined lakhs of poor families. It, therefore, should be banned forthwith.

##### II. Lottery Prohibition Forum/Individuals

(a) There should be total prohibition on lotteries because this trade has ruined lakhs of poor families.

(b) About half of the country is free from the menace of lotteries. Therefore, rest of the country should also be got rid of it.

- (c) Though there is an outright ban on the operation of single digit lotteries, lottery operators have devised new ways to circumvent the ban and are, in effect, running single digit lotteries in the guise of two or three digit lotteries.
- (d) The number of persons employed in lottery trade is much less than being claimed by lottery lobby. As for those employed, a majority is of those who run the lottery business as a secondary business just to make quick money. Hence, a ban on lotteries will actually harm a small number of people who could be rehabilitated by the Government.
- (e) The financial loss to the States as a result of the proposed prohibition can be compensated by the Central Government by way of additional grants.
- (f) The argument that prohibition on lotteries will encourage illegal gambling like *Satta*, etc. is also untenable because in States which have totally banned the lotteries, no such phenomenon has been witnessed.
- (g) The claim of lottery trade for self-regularisation is nothing but a farce.
- (h) Lottery is a social crime and therefore should be totally banned.

### III. Political Party

Janata Party has suggested following amendments to the clauses of the Bill: -

#### Clause 2(a)

- (i) The word “prizes” has to be substantiated. It should include “.... in cash or kind...”
- (ii) The method of lottery i.e. ‘by lot or chance’ should also cover the so-called ‘contests’ in the name of skill, which are used by companies for promotion of their products and services.

Thus clause 2(a), should read as follows:

“.... called for distribution of prizes, in cash or kind or in any other form, by lot or chance or by any specific skill to those...”

#### Clause 2(b)

Why restrict it to Government companies only? Why not private or public limited companies, trusts, societies, cooperatives etc.?

In this regard, the suggestion is that the definition of word “organisation” should include the following:

Companies – private or public limited.

Trusts

Societies

Cooperatives

Any other body of individuals, by any other name.

#### Category ‘B’

### I. MPs both Lok Sabha and Rajya Sabha

- (a) Ban on lotteries will lead to huge financial losses to the State Governments.
- (b) The problem of massive unemployment will further compound once the ban on lotteries is imposed. Lakhs of people will be rendered jobless.
- (c) Lottery trade consumes nearly 1,00,000 tonnes of paper and thus sustains paper industry. Ban on lotteries will hit the paper industry.
- (d) More than 50 security printing presses are entirely dependent on lottery trade. Ban on lotteries will lead to



their closure and their workers will be rendered unemployed.

(e) Nearly 15 States are opposed to the proposed prohibition on lotteries. Therefore, the Committee should obtain the views of the State Governments and general public in this regard.

## II. Associations of Lottery Traders/Agencies/Agents

- (a) Prohibition on lotteries will lead to lakhs of people being rendered jobless. Around 25 lakh people are estimated to be affected due to the proposed prohibition.
- (b) Both Centre and State Governments will lose revenue worth crores of rupees due to prohibition on lotteries.
- (c) To prevent cheating and other malpractices associated with lottery trade, private lottery should be banned and States alone should be allowed to run lotteries.
- (d) Ban on lotteries will lead to rise in gambling in various forms such as *Satta*, etc.
- (e) Since the menace of single digit and instant lottery has already been put to an end by the Lotteries (Regulation) Act, 1998, there is no need for total prohibition.
- (f) There are several other practices which have more pernicious effect on the society such as consumption of liquor, tobacco, gutkha, etc. than lotteries. Then why the lottery trade is being singled out?
- (g) There are several allied industries linked with the lottery trade such as paper, printing, transport and other industries like courier service, electronic and print media. With the ban on lotteries, they will also have to bear the brunt.
- (h) Lotteries should not be prohibited but should be *regulated* instead.

## III. Individuals employed in lottery trade and its allied industries

- (a) Lottery trade is a means of livelihood for lakhs of people including aged persons, women and physically handicapped. A ban on it will deprive them of their livelihood.
- (b) There will be widespread unemployment in allied industries also.

## IV. Paper Mills

- (a) Ban on lotteries will have an adverse impact on paper mills. This impact will further spread to the allied industries of the paper industry.
- (b) Decline in demand for printing paper will lead to thousands of workers employed in these industries being rendered jobless.

## V. Printers/Printers' Associations

- (a) Prohibition on lotteries will mean closure of security printing presses which in turn will create large scale unemployment.
- (b) The printers have acquired security-printing machinery after spending crores of rupees especially for printing lottery tickets. Ban on lotteries will mean loss of crores of rupees to the presses.
- (c) Lottery trade should be *regulated* not prohibited.

## VI. Transporters

Transport companies are engaged in the movement of lottery tickets right from the procurement of raw material such as printing paper etc. to the delivery of printed tickets to the distributors, stockists, agents, etc. Ban on lottery trade will result in large-scale unemployment and loss of business and livelihood to thousands of people in the transport sector.



## VII. Social Institutions

Lottery trade has been quite generous in offering donations to several social institutions engaged in the welfare of the masses, such as hospitals, healthcare research institutes, charitable trusts, etc. Ban on lotteries will deprive such institutions of one of their sources of donations.

## VIII. Other Individuals

Lotteries should be *regulated* and this can be done by further amending the Lotteries (Regulation) Act, 1998. Some of the suggestions for further regulation are as follows:

- (i) The States should receive a minimum percentage of the gross value of the tickets approved by the Government for sale proceeds of the authorised lotteries instead of fixed amounts payable to the States by the distributors. This could prevent the evil of unlimited printing of tickets and irregularities in the sales.
- (ii) There should be a proper mechanism to ensure uniform accounting of the sale proceeds.
- (iii) There should be a provision for the appointment of Auditors by the State Governments to audit the sale proceeds.
- (iv) Unclaimed prizes/amounts should be spent on social welfare activities.
- (v) State Governments can even think of imposing a levy on the turnover of lotteries.
- (vi) There should be more intense supervision over the process of draws and publication of the results authenticated by an independent agency such as a small tribunal in each State to ensure transparency in the whole process.
- (vii) There should be restriction on number of draws held in a day by each State.
- (viii) Lottery trade provides employment to lakhs of people and generates a huge amount of revenue for both Union as well as State Governments. Prohibition on lotteries will not be in anybody's interest.
- (ix) The country has not given up horse racing, casinos, forward trading, hedging, dealings in stocks and shares all of which have a segment of gambling about their operation. These activities have not been banned instead the effort is to refine them. There is no reason at all why a similar constructive approach should not be adopted in the case of lotteries as well.

8. In the meantime, the Committee heard the presentation of the Home Secretary on the Bill on 29 June 2000. The Home Secretary, in his presentation while justifying the introduction of the Bill, stated that the Committee itself had urged upon the Government to come out with a comprehensive Bill to put a complete ban on lotteries. The Home Minister had also assured the Parliament that the Government would bring a comprehensive Bill after consulting the State Governments. The matter was also discussed at length during the Chief Ministers' Conference held on 17 December 1997. This apart, the representatives of North-Eastern States were also invited to express their views as it was contended that they would be severely affected by the prohibition on lotteries. The Home Secretary informed the Committee that the total revenue generated by the North-Eastern States out of lotteries during 1997-98 was to the tune of Rs.50.41 crore. He further stated that keeping that in view, the Government decided that a Committee would be set up to look into the aspect as to how those States could be compensated. He informed that States like Goa, Punjab, Himachal Pradesh, Sikkim and Kerala were also opposed to the proposed ban on lotteries. Referring to the point that a ban on lotteries would render many people unemployed, the Home Secretary was of the view that the games of skill and chance did not necessarily come in the category of employment.

9. Members of Parliament, both Lok Sabha as well as Rajya Sabha, in their memoranda to the Committee, emphasised the need to seek the views/suggestions of the State Governments and Union Territory Administrations on the Bill. Accordingly, the views/suggestions of the State Governments/ Union Territory Administrations were invited for being placed before the Committee for its consideration. In response thereto, a number of State Governments/UT Administrations conveyed their views both for and against the enactment of the Bill as per the following details:

### In favour of the Bill

### Against the Bill

1. Andhra Pradesh

1. Arunachal Pradesh

- |                   |                    |
|-------------------|--------------------|
| 2. *Assam         | 2. Goa             |
| 3. Gujarat        | 3. Jammu & Kashmir |
| 4. Madhya Pradesh | 4. Maharashtra     |
| 5. Rajasthan      | 5. Manipur         |
| 6. *Tamil Nadu    | 6. Meghalaya       |
| 7. Tripura        | 7. Mizoram         |
| 8. *West Bengal   | 8. Punjab          |
| 9. Chandigarh     | 9. Sikkim          |
| 10. Lakshadweep   |                    |
| 11. Pondicherry   |                    |

9.1 The views/comments of the State Governments/UT Administrations have been put in two categories. Category-I deals with views/comments of those State Governments/UT Administrations who have supported the enactment of the Bill. Category-II enumerates the views/comments of State Governments/UT Administrations who have opposed the enactment of the Bill. The views/comments of the State Governments/UT Administrations both for and against the enactment of the Bill are reproduced below:

-  
Category-I [For enactment of the Bill]

**Government of Andhra Pradesh**

-  
Government of Andhra Pradesh has intimated that the Andhra Pradesh Legislative Assembly has adopted a resolution on 19 August 2000 which reads as follows: "Under Article 252 of the Constitution of India, authorizes the Parliament to undertake a Legislation, in respect of Entry 34 (Betting and Gambling) of the State List, in the Seventh Schedule to the Constitution of India in order to put a complete ban on Lotteries throughout the country". In this way, the Government of Andhra Pradesh is also in favour of the Bill.

---

\*These States have extended conditional support to the Bill.

**Government of Assam\***

Government of Assam has introduced a scheme called "Incentive to the Investors Through Gift Coupon Scheme". This scheme is aimed at providing small saving by way of offering incentives through gift coupons. The Government of Assam has stated that the above mentioned scheme should be kept outside the purview of the Lotteries (Prohibition) Bill, 1999. Subject to this, the Government of Assam has no objection to the passage of the Bill

**Government of Gujarat**

The Government of Gujarat has supported the passage of the Bill.

**Government of Madhya Pradesh**

-  
The Government of Madhya Pradesh has supported the passage of the Bill.

**Government of Rajasthan**

-  
The Government of Rajasthan has supported the Bill with the suggestion that sub-Section 4(3) should be substituted as follows:

"Whoever commits an offence under sub-Section (1) shall be punishable with rigorous imprisonment for a term which

may extend up to five years, or with a fine up to Rs. 1,00,000/-, or with both.”

### **Government of Tamil Nadu \***

- The Government of Tamil Nadu has no objection to the Bill if the loss of revenue due to the banning of State lotteries is fully compensated by the Central Government.

### **Government of Tripura**

The Government of Tripura has in principle supported the Bill.

### **Government of West Bengal \***

- The Government of West Bengal has no objection to the passage of the Bill. It, however, has suggested that the proposed legislation should extend to all varieties of lottery including private lotteries and lotteries organized by commercial organizations which fall under the Betting and Gambling Act.

---

\* Conditional support.

### **UT Administration of Chandigarh**

**UT Administration of Chandigarh has supported the Bill**

### **UT Administration of Lakshadweep**

- **UT Administration of Lakshadweep has expressed its concurrence for the Bill.**

### **Government of Pondicherry**

The Government of Pondicherry has supported the Bill.

Category-II [Against the enactment of the Bill]

### **Government of Arunachal Pradesh**

Government of Arunachal Pradesh has stated that the lottery trade should be regulated instead of imposing total prohibition on it. It has suggested following measures for regulating the lotteries:

1. Lotteries should be properly regulated.
2. The maximum draws per day should be limited to 20 or 25 draws.
3. Lotteries should have proper names without any prefixes and suffixes.
4. Bumper draws should be limited to 4 or 5 in a calendar year.
5. The profit margin of a State should be fixed between 5% to 7% of the total turnover.



6. The Government itself should print the tickets.
7. Cost of printing tickets should be borne by the State Government.
8. Prizes should be paid/distributed by the Government.
9. At least 50% of the total turnover should be used as prizes.
10. No Lottery should have more than 5 series.
11. M.R.P. of tickets should range between Rs.5/- and Rs.50/- for normal draws and between Rs.100/- and Rs.500/- for bumper draws.
12. No pre-announced or daily or instant Lotteries should be allowed except weekly, fortnightly, monthly or bumper lotteries.

### **Government of Goa**

The Government of Goa has stated that Goa is a small State with paucity of resources and therefore cannot afford to lose the revenue generated by the lotteries. Therefore, it has strongly recommended that lotteries should not be banned.

### **Government of Jammu & Kashmir**

The Government of Jammu & Kashmir has stated that the outright prohibition of a trade like lotteries creates a fertile situation for a flourishing black market with profits going to organized crime. Therefore, it has suggested that a *foolproof mechanism for lottery procedures and systems could be evolved* instead of putting a ban on the lotteries. It is of the view that lotteries can become a trading activity which in turn can become a source of income to many States. The States can channelise the funds/profits so raised to augment their resources to meet various financial commitments.

### **Government of Maharashtra**

The Government of Maharashtra is not in favour of banning State-run lotteries. It, however, feels that rather than banning the State operated lotteries, the State Government should be asked to effectively regulate the conduct of these lotteries. On its part, the Government of Maharashtra has notified the Maharashtra State Lottery (Regulation) Rules, 2000- Part I so as to regulate the operation of lotteries in the State. It has also intimated that it proposes to start on-line lotteries which will enable it to generate minimum revenue of Rs.150 crore in the very first year of its operation.

In addition to this, it has stated that in case the State run lotteries are banned, it feels that there will be every possibility of pressure from private groups to run State authorized private lotteries within the ambit of provisions of betting and gambling given in the State List of the 7<sup>th</sup> Schedule to the Constitution. Such private lotteries will be more to the advantage of private parties as the State Government will not be able to exercise complete regulation and control on private lottery operators. The revenue generation will also be adversely affected.

### **Government of Manipur**

The Government of Manipur has stated that a small State like Manipur which lacks adequate resource base and has the perennial problem of resource crunch, the earning from lotteries has served as a substantial resource base. The imposition of a complete ban on all forms of lotteries would add upon the State's burden of raising its own limited resources. Therefore, in the context of Manipur, it may not be desirable to profess a complete ban on all forms of lotteries as there will be no alternative source of revenue left.

## Government of Meghalaya

The Government of Meghalaya has stated that instead of clamping a ban on lotteries, effective and comprehensive measures for stricter enforcement of the provisions of the Lotteries (Regulation) Act, 1998 will be more desirable.

## Government of Mizoram

The Government of Mizoram has stated that the ever-widening fiscal gap between the resources and the expenditure of the State leaves no other option but to raise revenue by organizing lottery. It is, therefore, of the view that the proposed Bill may not be enacted at this stage. Instead a certain *Regulatory Authority* may be set up to oversee and supervise the conduct of lottery business.

## Government of Punjab

The Government of Punjab is not in favour of enactment of the Bill and has made following points in its memorandum: -

- (i) Lotteries in India are being run by the various State Governments but there is no uniformity in approach and methods being adopted by the concerned Departments of these State Governments.
- (ii) Before imposing a ban on Lotteries, there is a need to see whether the benefits being derived from the trade outweigh its demerits or not. If the answer is found to be in the affirmative then regulatory steps should be taken for adopting a uniform policy regarding the sale of lottery tickets throughout the Country.
- (iii) If legal lotteries are not available, unauthorized and illegal forms of gambling like *Satta, Matka*, etc. are bound to replace them.
- (iv) Lottery business involves a large number of people employed at various levels. It may be difficult for the State to justify to render such a large number of people unemployed especially when the removal of unemployment is one of the planks of the Government policy.
- (v) Revenue of the Government would decline as the proceeds from the sale of lottery tickets give considerable revenue to it.
- (vi) There is a dire need and every justification to regulate the lottery trade in the country.
- (vii) The stress should be to introduce computerised/satellite-linked lotteries in order to have more transparency.
- (viii) There should be a minimum fixed percentage which is to go as prizes.

## Government of Sikkim

The Government of Sikkim has opposed the enactment of the Lotteries (Prohibition) Bill, 1999 on the basis of following points: -

- (i) Sikkim is a small State with very limited resources. There is no significant trade, commerce and industry. Revenue from lotteries is the single largest source of revenue in the State.
- (ii) With its large network, the lottery trade provides both direct and indirect employment to a large number of people not only in the State but also all over the country.
- (iii) Sikkim has been able to generate good amount of revenue with the help of efficient and transparent conduct of lotteries.
- (iv) There must be a ceiling on the number of draws a State can conduct in a day or month.
- (v) Draws must be held within specific time period.
- (vi) Floor rates in respect of minimum returns to the Government must be formulated.

- (vii) There should be a proper regulatory mechanism for regulating lottery trade.
- (viii) Paper and printing industry has got a boost from the lottery trade.

10. In addition to the Memoranda received from the State Governments/Union Territory Administrations, the Committee decided to hear the representatives of the States which had opposed the enactment of the Lotteries (Prohibition) Bill, 1999. Accordingly, the representatives of Governments of Meghalaya, Punjab, Manipur and Arunachal Pradesh appeared before the Committee on 24 October 2000. The points made by them are given below: -

#### **Representatives of Government of Meghalaya**

- (i) Meghalaya is a small State with a poor resource base and it survives on Central help as 90% of its plan budget is from Central grants while remaining 10% is being raised by the State through its own resources. In this context, the revenue being generated through operation of lotteries is too significant to be ignored.
- (ii) State run lotteries have a better chance of restricting the ills upon the people to the largest possible extent than the privately managed lotteries.
- (iii) The ban on lotteries will encourage illegal games of chance.
- (iv) Lottery trade generates considerable amount of employment opportunities for the people, a ban on it will hit the already scarce employment opportunities.
- (v) Government of Meghalaya is committed to phase out lotteries over a period of time provided Union Government compensates for the loss of revenue as a result of this.

#### **Representatives of Government of Punjab**

- (i) Lotteries should not be banned primarily because of socio-economic impact of such a ban and loss of revenue and employment.
- (ii) Prohibition of lotteries will drive the game underground and encourage illegal acts like *Satta* and *Matka*.
- (iii) Regulation of lottery trade has had more positive results after the enactment of the Lotteries (Regulation) Act, 1998.
- (iv) The need of the hour is to make the lottery trade more transparent and fair rather than push it underground by imposing a complete ban on it.

#### **Representatives of Government of Manipur**

- (i) Manipur is a resource poor State and faces a perennial problem of resource crunch, a ban on lotteries will deprive it of an important source of revenue.
- (ii) The State is able to generate Rs.6-7 crore every year through the operation of three digit lotteries. Unlike single digit lotteries, three digit lotteries do not have an element of betting. Therefore, three digit lotteries should be allowed to continue.

#### **Representatives of Government of Arunachal Pradesh**

- (i) Lotteries are a major source of revenue for Arunachal Pradesh which lacks adequate financial resources.
- (ii) The Government of Arunachal Pradesh is opposed to the prohibition of lotteries but it favours any kind of regulation so as to check the malpractices in the trade.



11. In their memoranda submitted to the Committee, a number of associations/organizations associated with lottery and allied trade requested for an audience with it for making their presentation on the Bill. Accordingly, the representatives of All India Federation of Lottery Trade and Allied Industries, Northern India Lottery Association, Kerala Lottery Agents Association, Karnataka State Lottery Sellers' Association and All India Security Printers Association appeared before the Committee on 6 and 8 November 2000 for the purpose. All these associations and organizations are opposed to the enactment of the Bill. The points made by them are produced below: -

#### **Representatives of All India Federation of Lottery Trade and Allied Industries**

- (i) Lottery had been in existence since 1795. It is not something about greed rather it is a game of hope, dream, entertainment and social participation.
- (ii) The Lotteries (Regulation) Act, 1998 is adequate enough to make the trade fair, transparent and socially acceptable. However, the Government may further control and regulate the trade through a Central Regulatory Authority.
- (iii) Lottery is a major employment and revenue generating trade in the country.
  - (iv) Prohibition of lotteries may prove to be counter productive in the long run as it is likely to encourage illegal gambling like *Satta, Matka*, etc.
  - (v) With the onset of online lotteries, a ban on lotteries in India is bound to increase betting on foreign lotteries.
  - (vi) There should be a provision in the Lotteries (Regulation) Act, 1998 for minimum percentage of profit for the Government.
  - (vii) The introduction of a single lottery throughout the country like in United Kingdom could be a welcome move.

#### **Representatives of Northern India Lottery Association**

- (i) Instead of banning the lotteries, a uniform policy should be formulated to further regulate the trade all over the country.
- (ii) A Lottery Commission on the lines of the United Kingdom National Lottery Commission should be set up.
- (iii) Government is getting substantial revenue from the lotteries and a large number of people are engaged in the lottery trade. A ban on lotteries will mean loss of revenue and employment.

#### **Representatives of Kerala Lottery Agents Association**

- (i) Lottery trade provides employment to 28,000 lottery agents and 1.5 lakh lottery sellers in Kerala. A ban on lotteries will deprive these people of their jobs.
- (ii) Apart from generating considerable revenue, lottery trade supports several allied industries such as paper, printing, courier, transport, etc. A ban on lotteries will have a cascading effect on these allied industries.
- (iii) The chances of malpractices are more in case of lotteries organized by private operators than in State run lotteries. Therefore, it is not lottery rather lottery run by private operators which should be banned.

#### **Representatives of Karnataka State Lottery Sellers' Association**

- (i) Families of lakhs of lottery dealers, sellers and vendors which include women, aged, disabled, handicapped, poor and uneducated persons depend for their livelihood on lottery trade. Prohibition of lotteries will deprive these people of their only source of income.

- (ii) A Central Authority should be set up to control and regulate the lotteries.

### Representatives of All India Security Printers' Association

- (i) Lottery printing comes under the umbrella of security printing. It is a highly and high volume printing job which involves special high-speed web offset machines for printing. Security printers have invested crores of rupees for procuring these machines. In case lottery is banned, security printers will be adversely affected.
- (ii) Ban will render 15000 highly skilled, skilled and semi-skilled persons jobless and 60000 of their family members will loose their source of livelihood.
- (iii) The Government will also lose Rs.150 crore revenue earned per annum as excise duty, sales tax, income tax, etc. if a ban is imposed on lotteries.

12. A voluntary organization called *Lok Abhiyan* also requested the Committee to allow it to appear before it for making a presentation on the Lotteries (Prohibition) Bill, 1999. This organization is demanding total prohibition of lotteries in the country. The representatives of *Lok Abhiyan* appeared before the Committee on 8 November 2000. The points made by them are as follows:

- (i) Lottery trade is thriving on manipulations, deceit and treachery.
- (ii) It is lottery mafia which is actually benefiting from the lottery trade.
- (iii) States as such are not getting any significant amount of revenue from the lottery trade.
- (iv) The two arguments-loss of revenue and employment opportunities- are nothing but a façade to prevent imposition of a ban on lotteries.

13. Although the Committee on Home Affairs, in its Forty-second Report (1998), had recommended for an across the board ban on all kinds of lotteries throughout the country, during the course of examination of the present Bill, the Committee has received a large number of memoranda from different quarters opposing the proposed ban. Likewise, several witnesses in their presentations before the Committee have pleaded against the imposition of total ban on lotteries. The Chairman of the Committee has also been flooded with representations from 247 Members of Parliament (LS Members-207; RS Members- 40) against the prohibition of lotteries. They have *inter alia* stated that there is need for better and effective regulation of the lotteries. A ban on lotteries will lead to large-scale unemployment and loss of revenue to State Governments. Therefore, they have urged that in view of the far-reaching socio-economic implications of a ban on lotteries, the Lotteries (Prohibition) Bill, 1999 should not be enacted.

14. The Committee, in its meeting held on 26 June 2001, held detailed discussion on the Bill. During the discussion, two divergent views emerged. This divergence of views sharply divided the Committee in two sections with one favouring the Bill and the other opposing it. Due to this sharp division amongst its Members, the Committee could not reach on a consensus either in favour or against the Bill.

14.1 One of the two sections is of the view that the real menace for the society was single digit lottery which stood banned after the enactment of Lotteries (Regulation) Bill, 1998. Therefore, keeping in view the fact that the society has already been rid of the real menace, there is no need to impose an all out ban on the lotteries. However, if certain malpractices have been detected in the operation of lotteries, these can be removed by further regulation. An outright prohibition will not only lead to large-scale unemployment and loss of revenue to the States but it will also encourage certain illegal activities such as *Matka*, *Satta*, etc. In view of this, a comprehensive prohibition of lotteries run by the State Governments may not be the real need of the hour. The real need of the hour is to put in place an effective regulatory mechanism to keep a check on the covert and overt malpractices associated with the operation of lotteries.

14.2 The other section favours a complete ban on lotteries on the premise that it is an act of gambling which has a direct

bearing on the moral character of the society. Lotteries encourage the desire to become rich overnight as a result of which poor people tend to spend whatever little money they have on buying lotteries. Since lotteries are based on chance, thousands of poor people have lost their hard earned money as one gains at the expense of many. The desire to become rich overnight has ruined many a family. This apart, lotteries are being run deceptively and fraudulently as a result of which people who play lotteries are being duped of their hard earned money. Another argument of this section favouring the enactment of the Bill is that the present Bill owes its origin to the Forty-second Report of the Committee on the Lotteries (Regulation) Bill, 1998, in which it had recommended to the Government to come forward with a comprehensive Bill for a complete prohibition on lotteries. Therefore, now there is no rationale in opposing the present Bill. As regards the argument that a ban on lotteries will lead to large-scale unemployment and loss of revenue to the States, this section believes that this argument is a façade to prevent a ban on the lotteries.

15. Notwithstanding the fact that the Committee is sharply divided on the issue of banning lotteries, there is, however, a complete unanimity amongst its Members that Government should attempt to evolve a larger political consensus with regard to the subject matter of the Bill, in the light of the evidence recorded by the Committee, memoranda received from different quarters and the views expressed by Committee Members both for and against the Bill.

15.1 Accordingly, the Committee recommends that the Government should take up this issue at the political level to explore the possibilities of evolving a larger consensus in the matter.

---

## MINUTES

### XXVII

#### TWENTY-SEVENTH MEETING

The Committee met at 3.00 P.M. on Thursday, 29 June 2000, in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

#### MEMBERS PRESENT

1. Shri Pranab Mukherjee—*Chairman*

#### RAJYA SABHA

2. Shri Hiphei
3. Shri Sangh Priya Gautam
4. Dr. L.M. Singhvi
5. Shri S. Ramachandran Pillai
6. Shri C.M. Ibrahim
7. Shri Raj Mohinder Singh
8. Shri Drupad Borgohain
9. Shri Kuldeep Nayyar

#### LOK SABHA

10. Shri Lal Bihari Tiwari
11. Shri Prakash Mani Tripathi
12. Shri Anadi Sahu
13. Maj.Gen. (Retd.) B.C. Khanduri
14. Shri Vaidya Vishnu Datt



15. Shri N. Janardhana Reddy
16. Shri Rajkumar Wangcha
17. Shri Samar Choudhury
18. Shri Subodh Roy
19. Dr. S. Venugopalachari
20. Shri Raghuraj Singh Shakya
21. Shri Arun Kumar
22. Shri Suresh Ramrao Jadhav
23. Dr. Raghuvansh Prasad Singh
24. Shri Vijay Goel

SECRETARIAT

Shri Satish Kumar, Additional Secretary  
 Shri Tapan Chatterjee, Deputy Secretary  
 Shri A.K. Singh, Under Secretary  
 Shri Mahesh C. Tiwari, Committee Officer

**REPRESENTATIVES OF MINISTRY OF HOME AFFAIRS**

1. Shri Kamal Pande, Home Secretary
2. Shri Durgadas Gupta, Joint Secretary

2. \* \* \*

2.1 \* \* \*

3. Thereafter, the Chairman made general observations on \* \* \* the Lotteries (Prohibition) Bill, 1999.

3.1 \* \* \*

4. In his observations on the Lotteries (Prohibition) Bill, 1999, the Chairman stated that the proposed legislation to ban the lotteries had been brought based on the recommendations of this Committee. He informed that a large number of representations had been received from a cross-section of the society against the proposed prohibition on lotteries. Two State Governments had also opposed the ban on lotteries. Thereafter, he asked the Home Secretary to make a presentation on the two Bills.

5. \* \* \*

6. Thereafter, the Home Secretary spoke on the Lotteries (Prohibition) Bill, 1999. He stated that the Committee itself had urged upon the Government to come out with a comprehensive Bill to put a complete ban on lotteries. The Home Minister had also assured the Parliament that the Government would bring a comprehensive Bill after consulting the State Governments. The matter was also discussed at length during the Chief Ministers' Conference held on 17 December 1997. This apart, the representatives of North-Eastern States were also invited to express their views, as it was contended that they would be severely affected by the prohibition on lotteries. He informed the Committee that the total revenue generated by the North-Eastern States out of lotteries during 1997-98 was to the tune of Rs.50.41 crore. He further stated that keeping that in view, the Government decided that a Committee would be set up to look into the aspect as to how those States could be compensated. He informed that States like Goa, Punjab, Himachal Pradesh, Sikkim and Kerala were also opposed to the proposed ban on lotteries. Referring to the point that a ban on lotteries would render many people unemployed, the Home Secretary stated that the games of skill and chance did not necessarily come in the category of employment.

7. After the presentation of the Home Secretary was over, the Chairman asked the Members to express their views and

raise queries, if any on both the Bills.

8. One of the Members stated that the North-Eastern States were dependent on the revenues generated out of lotteries, to a large extent. He said that the Government had taken a zigzag course on the policy towards lotteries. He further stated that even after putting a ban on Indian

---

\*\*\* Relates to other matters.

lotteries, the Treaty with Bhutan would ensure that operation of Bhutan Lotteries could not be stopped. Therefore, Bhutan Lotteries would have a field day, as they would pocket all the revenues. He wanted to know as to what formula was being worked out by the Government to compensate the States for their loss of revenue. He also wanted to know as to how many people were engaged in lottery trade and what alternative employment would be given to them after putting a ban on lotteries?

8.1 \* \* \*

8.2 \* \* \*

8.3 \* \* \*. As regards Lotteries (Prohibition) Bill, 1999, one of the Members wanted to know the State-wise figures pertaining to the revenue losses.

8.4 \* \* \*. A Member stated that lotteries should be regulated instead of being prohibited. He said that the present Bill did not have within its ambit private lotteries as a result of which such lotteries would come into existence once Government lotteries were banned.

8.5 Another Member stated that when 80% of lotteries had already been banned then why remaining 20% were being allowed to run. He wanted to know as to how many people across the country were putting their money on lotteries, how many people were engaged in lottery trade and how many people were ruined by lotteries? He further stated that lotteries were a fraud on the people of the country.

9. \* \* \*

10. A verbatim record of the proceedings was kept.

11. The Committee then adjourned at 5.30 P.M. to meet again at 11.00 A.M. on Friday, 30 June 2000.

---

\*\*\* Relates to other matters.

## XXXVIII

### THIRTY-EIGHTH MEETING

The Committee met at 11.00 A.M. on Tuesday, 24 October 2000, in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

#### MEMBERS PRESENT

1. Shri Pranab Mukherjee—*Chairman*

## RAJYA SABHA

2. Shri Sangh Priya Gautam
3. Shri K.M. Saifullah
4. Shri C.M. Ibrahim
5. Shri Drupad Borgohain
6. Dr.(Smt.) Joyasree Goswami Mahanta
7. Shri Hansraj Bhardwaj
8. Shri Jayanta Bhattacharya

## LOK SABHA

9. Shri Manabendra Shah
10. Shri Lal Bihari Tiwari
11. Shri Prakash Mani Tripathi
12. Shri Anadi Sahu
13. Maj.Gen.(Retd.) B.C. Khanduri
14. Smt. Jayashree Banerjee
15. Shri Jitendra Prasada
16. Shri M.O.H. Farook
17. Shri Subodh Roy
18. Shri Raghuraj Singh Shakya
19. Shri Arun Kumar
20. Shri Suresh Ramrao Jadhav
21. Dr. Raghuvansh Prasad Singh
22. Shri S.K. Bwiswmuthiary
23. Shri Vijay Goel

## SECRETARIAT

Shri Satish Kumar, Additional Secretary  
Shri Tapan Chatterjee, Deputy Secretary  
Shri A.K. Singh, Under Secretary  
Shri Mahesh C. Tiwari, Committee Officer

## WITNESSES

### Representatives of the Government of Meghalaya

1. Shri J.P. Singh, Chief Secretary
2. Shri P.J. Bazeley, Principal Secretary ( Finance)

### Representatives of the Government of Punjab

1. Shri K.R. Lakhanpal, Principal Secretary (Finance)
2. Shri Vinod Kumar Bhalla, Joint Secretary (Finance)

### Representatives of the Government of Manipur

1. Shri Rakesh Prasad, Chief Secretary
2. Shri Vijay Chhibber, Principal Secretary (Finance)



## Representatives of the Government of Arunachal Pradesh

1. Shri P.M. Nair, Chief Secretary
2. Shri T. Bagra, Secretary (GA)
3. Shri C.P. Mansai, Secretary (Law)

2. At the outset, the Chairman welcomed the Chief Secretary and Principal Finance Secretary, Government of Meghalaya. While giving a brief overview on the Lotteries (Prohibition) Bill, 1999, he stated that the Government had come up with the present Bill as a sequel to the banning of the single digit lotteries, which was now under the consideration of the Committee. Since the proposed ban would have its fall out on the States, the Committee decided to hear the views of the State Governments on the Bill. One of the major grievances of the States running their lotteries was that the prohibition would result in a loss of revenue to them. That, however, was to be ascertained as conflicting figures were being quoted by different sources.

2.1 He then invited the Chief Secretary to make a presentation before the Committee on the Bill.

3. The Chief Secretary, Government of Meghalaya while expressing his gratitude to the Committee for giving an opportunity to appear before it, stated that Meghalaya was a small State with a poor resource base. The State was mainly surviving on Central help as 90% of its plan budget was from Central grants while remaining 10% was being raised by the State through its own resources. It was in this context that revenue being generated through operation of lotteries was too significant to be ignored. He opined that lotteries must be held with a sense of discipline. He informed the Committee that lotteries were started by the Meghalaya Government in 1982. Thereafter, it was stopped because of litigation between lottery operators/agents and the State Government. However, the State Government was now contemplating to restart the lotteries albeit with a total sense of transparency and openness. He was of the view that perhaps there was something procedurally wrong that brought disaster to the people. He, however, felt that with better discipline, the magnitude of the temptation among people to become rich overnight and the resultant disaster could be brought down.

3.1 The Chief Secretary then requested the Principal Secretary (Finance) to supplement the comments made by him. The Principal Secretary (Finance) stated that lottery was certainly a game of chance. Its adverse impact on society was a question of extent to which it was controlled. State-run lotteries had a better chance of restricting the ills upon the people to the largest possible extent. He felt that if lotteries were banned totally, there would be other games of chance. Moreover, lotteries provided considerable employment to the people.

4. After the presentation of the representatives of Government of Meghalaya was over, the Chairman and the Members put certain questions to them.

4.1 The Chairman asked if they had the figures as to how many people would be jobless as a result of a ban on lotteries? He wanted to know also the total turnover of the lotteries sold between 1996-98.

4.2 Thereafter, the Members asked the following questions :

- (i) Was there any alternative source of revenue to make up for the loss of revenue generated by lotteries?
- (ii) What percentage did the revenue earned through lotteries constitute of the total budget of the Government of Meghalaya?
- (iii) Would the operation of lotteries through a private party not be illegal since the Supreme Court had banned the private lotteries?
- (iv) Whether lottery was a gamble or not?
- (v) Whether the game called 'Teerkhela' was legal or illegal?

5. Replying to some of the queries raised by the Chairman and the Members, the Principal Secretary (Finance) stated that State was generating Rs.150 crore per annum which amounted to 10 per cent of its total budget. As far as alternative source of income was concerned, there was none because the economy of the State was agrarian and forest based. As regards alternative methods of employment, it was possible through more and more industrialisation. He stated that lotteries had a certain aspect of

gambling. However, it could be phased out over a period of time.

5.1 The competition of archery (Teerkhela) was being regulated by the Government and it was getting Rs.1 crore per annum from such competitions.

5.2 With regard to the operation of lotteries through a private party, he replied that it would purely be a Government lottery for which a private agent was being appointed to sell the tickets throughout length and breadth of the country.

5.3 He made a submission that the Government of Meghalaya was committed to phase out lotteries over a period of time but for that to happen, the Union Government must compensate for the loss of revenue.

5.4 Regarding the ban imposed by the Supreme Court on appointing a private party as a selling agent, he replied that the proposal in that regard was well within the ambit of the law. He, however, assured the Committee to have that aspect re-examined.

5.5 With regard to the compensation by Union Government for the loss of revenue, he replied that he was not aware of any such proposal.

6. Then, the Chairman directed the witnesses to send the written replies to those points/queries on which information was not readily available within a period of 7 days.

*(The witnesses then withdrew.)*

7. Thereafter, the Chairman welcomed the representatives of Government of Punjab and after making a brief overview on the Bill, requested them to make their presentation before the Committee.

8. The Principal Secretary (Finance), Government of Punjab stated that his Government after giving a careful thought to the subject of banning lotteries, had come to the conclusion that lotteries should not be banned primarily because of two reasons. One was the socio-economic impact of ban on lotteries and the other was the loss of revenue and employment. He further stated that in the view of the Government of Punjab, prohibition of lotteries would drive the game underground and encourage illegal acts like *Satta, Matka*, etc.

8.1 He informed that prior to the enactment of the Lotteries (Regulation) Bill, 1998, lotteries were being run in Punjab without any statutory backing. The Lotteries (Regulation) Act, 1998 had a salutary effect on the regulation of the trade. It had become more transparent and the ills associated with it had been minimised if not altogether eliminated.

8.2 He further informed that the current turn over of lotteries of Government of Punjab was to the tune of Rs.1100 crore and the profit was about Rs.35 crore. During the current year itself, 34000 people were expected to get direct employment through the lottery trade.

8.3 He stated that the Government of Punjab had made efforts to make a foray into the field of online lotteries. Some foreign firms had also assured of raising the revenue to the tune of Rs.100 crore in the very first year and then gradually enhance it to Rs.500 crore in the fifth year as it was to be a five year contract. But for want of clearance from the Foreign Investment Promotion Board (FIPB), the proposal could not see the light of the day.

8.4 He made a submission that not a single case of the violation of the Lotteries (Regulation) Act, 1998 had come to the notice of the Government nor there was detection of any foul play. Therefore, the need of the hour was to make the lottery trade more transparent and fair rather than push it underground by imposing a complete ban on it.

9. Thereafter, the Chairman and Members sought clarifications from the witnesses. The following points/queries were raised by the Chairman and Members:

- (i) Sale of Punjab lotteries was increasing while its profits were declining.
- (ii) A large number of people had been ruined because of lotteries.
- (iii) What was the fate of unclaimed prize money?
- (iv) How much revenue was earned through lotteries in the previous year?
- (v) What was the social profile of the people who played lotteries?
- (vi) Who ran and organised lotteries in Punjab?
- (vii) Were agents being paid the commission by the Government of Punjab?



10. Replying to some of the queries of the Chairman and Members, the Principal Secretary (Finance) stated that it was correct that the percentage of profit was low. The profit was declining because turn over was increasing. It was so also because Punjab Government did not want to indulge in self-profiting. He informed that in the year 2000-2001, the total turn over was expected to be Rs.1100 crore while profit was likely to be around Rs.35 crore.

10.1 As regards people getting ruined and committing suicides, he stated that ban on lotteries would push the trade underground and it would prove to be even worse than the consequences of the lotteries.

10.2 Replying to another query, he stated that the Lotteries (Regulation) Act, 1998 was being followed meticulously. No private lottery and single digit lottery was being allowed. Lotteries in Punjab were being run solely by the State Government. It was keeping records of the tickets. Money for paper, printing and the face value was being paid by the State Government. Similarly, sole selling agents were appointed by the Government through a transparent bidding process.

*(The Committee then adjourned for lunch at 12:50 P.M. to reassemble at 3:00 P.M.)*

11. Welcoming the representatives of the Government of Manipur, the Chairman briefed them about the purpose of the meeting and asked them to apprise the Committee about the fall out of the ban on the lotteries on their State.

12. The Chief Secretary, Government of Manipur while making a presentation before the Committee, stated that Manipur was a resource poor State and had been facing a perennial problem of resource crunch. Before a ban was put on the single digit lottery, earnings from lotteries were a good source of revenue for Manipur. Even after that ban, the State was still able to generate Rs.6-7 crore every year through the operation of three digit lotteries. He further stated that the three digit lottery did not have the element of betting, therefore it should be allowed to continue.

13. Thereafter, a Member sought a couple of clarifications from the witnesses.

*(The witnesses then withdrew.)*

14. After giving a brief overview on the subject, the Chairman asked the representatives of the Government of Arunachal Pradesh to apprise the Committee of the views of their Government on the Lotteries (Prohibition) Bill, 1999. He asked them also to throw light on the revenue being generated by the sale of lotteries, printing of tickets and the method of organising the lotteries. He wanted also to know whether any study had been conducted to assess the socio-economic effect of lotteries on the people.

15. Tracing the origin of lotteries in Arunachal Pradesh, the Chief Secretary, Government of Arunachal Pradesh informed that lotteries began in the State in 1983 under the auspices of some charitable societies aimed at raising resources for charitable purposes. Those lotteries were being conducted with the approval of the State Government and it was getting 51 per cent share of the net proceeds. However, after the direction of the Supreme Court in 1994, lotteries were brought under the total control of the Government of Arunachal Pradesh. Accordingly, the Department of State Lotteries was set up to organise and conduct the lotteries.

15.1 He stated that Arunachal Pradesh was woefully inadequate in resources and lotteries were one of the main sources of revenue for it. In a total annual budget of over Rs.1200 crore, State's contribution was only Rs.100 crore. The remaining amount came from the Government of India. The non-taxable revenue of the State was Rs.70 crore, out of which Rs.8 crore came from the sale of lotteries. He concluded by saying that the Government of Arunachal Pradesh was opposed to the prohibition of lotteries but it was in favour of any kind of regulation so as to check the malpractices.

16. Thereafter, the Chairman and Members sought some clarifications from the witnesses. The following queries were raised :

- (i) Why was the income of Government of Arunachal Pradesh from lotteries so low in 1997-98 as compared to other North-Eastern States?
- (ii) Was it not true that the operator of Arunachal lotteries was earning a huge profit per draw while he was offering a meagre Rs.500 per draw to the State Government?
- (iii) Had the Central Government assured the State Government to compensate for the loss of revenue due to ban on lotteries?
- (iv) What was the socio-economic background of the people who played lotteries?
- (v) What were the reasons for not allowing the sale of tickets of your own lotteries in your own State?



16.1 Thereafter, the Chairman asked the Chief Secretary to send his Government's replies to queries raised by the Members within a period of two weeks.

17. A verbatim of the proceedings was kept.

18. The Committee, then, adjourned at 3.50 P.M.

## XXXIX

### THIRTY-NINTH MEETING

The Committee met at 3.00 P.M. on Monday, 6 November 2000, in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

#### MEMBERS PRESENT

1. Shri Pranab Mukherjee—*Chairman*

#### RAJYA SABHA

2. Shri Hiphei
3. Shri Surendra Kumar Singh
4. Shri Sangh Priya Gautam
5. Dr. L.M. Singhvi
6. Shri K.M. Saifullah
7. Shri C.P. Thirunavukkarasu
8. Shri Drupad Borgohain
9. Shri Kuldip Nayyar

#### LOK SABHA

10. Shri Manabendra Shah
11. Shri Lal Bihari Tiwari
12. Shri Prakash Mani Tripathi
13. Shri Anadi Sahu
14. Maj.Gen.(Retd.) B.C. Khanduri
15. Shri Ram Nagina Mishra
16. Shri Vaidya Vishnu Datt
17. Smt. Jayashree Banerjee
18. Shri Iqbal Ahamed Saradgi
19. Shri M.O.H. Farook
20. Shri Samar Choudhury
21. Shri Arun Kumar
22. Shri P.H. Pandian
23. Shri Vijay Goel

#### SECRETARIAT

Shri Tapan Chatterjee, Deputy Secretary  
Shri A.K. Singh, Under Secretary  
Shri Mahesh C. Tiwari, Committee Officer

## WITNESSES

### Representatives of the All India Federation of Lottery Trade and Allied Industries

Shri Usman Fayaz, President

Shri Ajay Suri, General Secretary

Shri Vijay R. Raghavan, General Secretary

Shri Sugal Chand Jain, Member

### Northern India Lottery Association

1. Shri H.K. Chugh, Vice-President

2. Shri G.L. Mintoo, General Secretary

3. Shri Vimal Abbot, Member

2. At the outset, the Chairman briefed the witnesses about the procedures followed while making a presentation before a Parliamentary Committee and requested them to apprise the Committee of their views on the Lotteries (Prohibition) Bill, 1999.

3. Speaking on behalf of the All India Federation of Lottery Trade and Allied Industries, its President stated that he would confine himself to three main points, namely, employment, revenue and the existence of lotteries. He informed that lottery had been in existence since 1795. Basically it was not a social evil. Unfortunately, certain things had spoiled the image of the trade. Lottery was not something about greed rather it was a game of hope, dream, entertainment and recreation. The Lottery (Regulation) Act, 1998 was adequate enough to make the trade fair, transparent and socially acceptable. It should further be controlled and regulated by Government of India through a central regulatory authority. He further stated that lottery was one of the major employment generating sources.

3.1 He stated that imposing a ban on the lotteries was not a well thought out measure. It would do no good to anyone but would harm many. It might prove to be counter productive in the long run. It would only encourage illegal gambling like *Satta, Matka*, etc.

3.2 He pointed out that the Government had not conducted any ground level survey to assess the impact of prohibition on lotteries on the employment scenario of the country. He requested the Committee to visit some States to assess the employment potential of lottery trade.

3.3 In his concluding remarks, he stated that with the onset of online lotteries, a ban on lotteries in India was bound to increase betting on foreign lotteries.

4.0 Thereafter, the Chairman and Members sought some clarifications from the witnesses.

4.1 The Chairman wanted to know if the Reserve Bank of India had disallowed the use of credit card for betting?

4.2 Members asked following questions from the witnesses:

- (i) What goods were being manufactured and delivered in the lottery trade?
- (ii) Was there any alternative source of employment available to the people engaged in the lottery trade?
- (iii) Would the introduction of a single lottery system in the whole country under the control of Central Government, not solve the problem of unemployment to a large extent?
- (iv) Was there any way of saving the system of lotteries, making them less deleterious?
- (v) What effect the prohibition on lotteries will have on the treaty with Bhutan?
- (vi) How many people were playing lottery and what was their socio economic background?
- (vii) How much quantity of paper was being consumed by the lottery industry?
- (viii) How did the States benefit from the lotteries?
- (ix) How many people were ruined as a result of the adverse effect of lotteries?

- (x) Was there any moral justification for lottery?
- (xi) Should a statutory warning not be printed on lottery tickets as in case of cigarette packets?
- (xii) Were all High Court judgements not against the lotteries?

5.0 Replying to the queries raised by the Chairman and Members, the President, All India Lottery Trade and Allied Industries stated that he would like to give brief replies and send detailed replies in writing.

5.1 He stated that a variety of manufacturing activities such as manufacture of paper, printing of tickets, etc. were involved in the lottery trade.

5.2 The General Secretary of the association stated that it was not correct that all High Court judgements were against the lottery. In fact, the first Supreme Court judgement of 1994 was totally in favour of the lottery trade.

5.3 He further replied that lottery had been generating revenue for the Government and providing employment to the people. There were no figures to suggest as to how many people had been ruined by lotteries.

5.4 In reply to another question, a Member of the association stated that lottery should not be banned. However, Government could regulate it in any way it liked. There should be a provision within the Lotteries (Regulation) Act, 1998 to provide for minimum percentage of profit for the Government.

5.5 The General Secretary of the association stated that if the Central Government came forward with a single lottery throughout the country like the one being run in United Kingdom, it would be a welcome move. The suggestion to print the statutory warning on the lottery ticket was also welcomed by the association.

*(The witnesses then withdrew.)*

6. The Chairman, thereafter, welcomed the representatives of Northern India Lottery Association and asked them to make a presentation before the Committee on the Lotteries (Prohibition) Bill, 1999.

7. The Vice-President, Northern India Lottery Association, while speaking on behalf of his association stated that lottery trade in Punjab was being conducted and controlled by the Government of Punjab. However, marketing of tickets was being done through private sole distributors, stockists, agents and ticket sellers. The notable point was that there was not a single complaint in regard to transparency and conduct of the Punjab State lotteries.

7.1 He further stated that Government of Punjab was getting substantial revenue from the lotteries. A large number of people were engaged in the lottery trade. A ban on lotteries would render them jobless. According to the information collected by the Association, 33,953 people were directly employed in the lottery trade in Punjab.

7.2 He suggested that instead of banning the lotteries, a uniform policy should be formulated to further regulate the trade all over the country. A lottery commission on the lines of the United Kingdom National Lottery Commission should be set up. This apart, he placed a few more suggestions before the Committee for its consideration.

8. A verbatim of the proceedings was kept.

9. Thereafter, the Committee adjourned at 4.30 P.M.

## XLI

### FORTY-FIRST MEETING

The Committee met at 11.00 A.M. on Wednesday, 8 November 2000, in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

#### MEMBERS PRESENT

1. Shri Pranab Mukherjee—*Chairman*



## RAJYA SABHA

2. Shri Hiphei
3. Shri Surendra Kumar Singh
4. Shri S. Ramachandran Pillai
5. Shri K.M. Saifullah
6. Shri C.M. Ibrahim
7. Shri Hansraj Bhardwaj

## LOK SABHA

8. Shri Lal Bihari Tiwari
9. Shri Prakash Mani Tripathi
10. Shri Anadi Sahu
11. Shri Ram Nagina Mishra
12. Shri Vaidya Vishnu Datt
13. Shri N. Janardhana Reddy
14. Shri Iqbal Ahamed Saradgi
15. Shri M.O.H. Farook
16. Shri Samar Choudhury
17. Dr. S. Venugopalachari
18. Shri Raghuraj Singh Shakya
19. Shri Arun Kumar
20. Shri P.H. Pandian
21. Dr. Raghuvansh Prasad Singh
22. Shri Vijay Goel

## SECRETARIAT

Shri Satish Kumar, Additional Secretary

Shri Tapan Chatterjee, Deputy Secretary

Shri A.K. Singh, Under Secretary

Shri Mahesh C. Tiwari, Committee Officer

## WITNESSES

Representatives of Kerala Lottery Agents Association, Thiruvananthapuram, Kerala

1. Shri Purushothama Bharathi
2. Shri P. Chandran
3. Shri K. Jayananda Pai

Representatives of Karnataka State Lottery Sellers' Association, Karnataka (Hubli)

1. Shri V.K. Telkar
2. Shri G. Rattan
3. Shri K.N. Pramodh

Representatives of Sivakasi Master Printers Association, Shivakasi, Tamil Nadu and All India Security Printers' Association

1. Shri A. Palanivel

2. Shri Vijay R. Raghavan
3. Shri Suhas Sabade

#### Representatives of Lok Abhiyan, Delhi

1. Shri Vijender Kumar
2. Shri Sudhanshu Mittal
3. Shri Jitender Gupta
4. Shri Tulsi Aggarwal

2. At the outset, the Chairman welcomed the representatives of Kerala Lottery Agents Association and asked them to apprise the Committee of their views on the Lotteries (Prohibition) Bill, 1999.

3. Speaking on behalf of the Kerala Lottery Agents Association, its President stated that there were 28,000 registered lottery agents and 1.5 lakh lottery sellers including blind and handicapped persons. This apart, lottery trade was earning considerable revenue for the Government. Several industries such as paper, printing, courier, transport, etc. were also benefiting from the lottery trade. Since, it was a major source of self-employment, a ban on lottery trade would deprive thousands of poor people of their livelihood.

3.1 He further stated that chances of malpractices were more in case of lotteries organised by private operators than in State-run lotteries. The Government of Kerala had been running the lotteries since 1967 in an exemplary manner. He was of the view that in order to protect their self-employment, their association was for keeping the trade clean. He quoted some cases of malpractices detected by the association and reported to the police. He stated that it was not lottery rather lottery run by private people which should be banned.

4. Thereafter, the Chairman and Members sought following clarifications from the witnesses:

- (i) What mechanism was in place in Kerala for procurement and distribution of lottery tickets?
- (ii) Was lottery not immoral?
- (iii) What was the total sale of lottery tickets in Kerala?
- (iv) Who claimed the prizes on the unsold tickets?

5.0 Replying to the queries, the President of the association stated that there was Directorate of Lotteries in Trivandrum. There were 14 district lottery offices as well. Agents purchased the tickets from these offices.

5.1 In reply to another question, he stated that from ethical point of view, lottery was bad. But it was a necessary evil in the society.

5.2 As regards prizes on unsold tickets, he stated that if any prize belonged to the unsold tickets, the draw would be cancelled and it would again be held till the number of sold tickets was drawn.

*(The witnesses then withdrew.)*

6. Thereafter, the Chairman welcomed the representatives of Kerala State Lottery Sellers' Association and asked them to make a presentation before the Committee on the Lotteries (Prohibition) Bill, 1999.

7. A representative of the association while making a presentation before the Committee, stated that family members of lakhs of lottery dealers, sellers and vendors depended for their livelihood on lottery sales which included women, aged, disabled, handicapped, deaf and dumb, poor and uneducated. Therefore, a ban on lotteries would deprive them of their only source of income. He suggested that a central authority should be set up to control and regulate lotteries.

8. Thereafter, the Chairman and Members sought following clarifications:

- (i) Whether the draws were being conducted by the Government or by any private organisation?
- (ii) Did the Government take back the unsold tickets from the stockists before the draw?
- (iii) How many dealers and sub-dealers were operating in Karnataka?

- (iv) Were prizes being given in respect of the unsold tickets?
- (v) What was Mysore Sales International Ltd.?
- (vi) Did you welcome the ban on single-digit lottery?

9. Replying to some of the queries raised by the Chairman and Members, a representative of the association stated that their association had 1713 lottery dealers. They were all registered with Mysore Sales International Ltd. which was a Government undertaking. This undertaking was the sole distributor of Karnataka State lottery. He stated that their organisation fully supported the ban on single-digit lottery.

9.1 He further replied that first three prizes would always be from the sold tickets.

*(The witnesses then withdrew.)*

10. Welcoming the representatives of Sivakasi Master Printers' Association and All India Security Printers' Association, the Chairman briefed them about the procedural aspects and asked them to apprise the Committee of their views on the Lotteries (Prohibition) Bill, 1999.

11. One of the representatives of the association stated that All India Security Printers' Association was founded in 1999 and it had 14 Members. He told the Committee that lottery printing came under the umbrella of security printing. It was a highly security-oriented and a high volume printing job which involved special high-speed web offset machines for printing on both sides simultaneously. One of the most important part was to print numbers on the tickets. Numbering machines were imported from Germany and were a very high cost product. He informed that 14 Members of their association had invested Rs.75 crores on the machinery alone.

11.1 He informed that around 25,000 tonnes of recycled paper was being consumed for printing lottery tickets. In case lottery was banned, security printers as well as paper mill owners would be severely hit. This apart, 15,000 highly skilled, skilled and semi-skilled persons and about 60,000 of their family members would lose their source of livelihood. The Government would also lose Rs.150 crore earned as excise duty, sales tax, income tax, etc. if the trade was banned. He stated that banning of any trade had never succeeded e.g. liquor trade. Therefore, lottery trade needed regulation not prohibition. He suggested that the whole system should be transparent.

12. Thereafter, the Chairman and Members sought following clarifications from the witnesses:

- (i) Did you favour Government lotteries over private lotteries?
- (ii) Whether security printers were carrying out some other printing job apart from printing lottery tickets?
- (iii) If lottery was banned, could lottery ticket printing machines be used for any other purpose?

13. Replying to some of the points raised by the Chairman and Members, the representative of the association stated that private lotteries were already banned and their association fully favoured a transparent lottery system run by the Government. In reply to another query, he stated that apart from lottery tickets, security printers were printing other security instruments such as instruments approved by RBI and IBA, computer stationery, cheques, drafts, ballot papers, etc. But all these instruments were being printed in very small quantity which was not viable for the printers. Moreover, the machines imported for printing lottery tickets could not be used for any other item.

13.1 For rest of the replies, he sought one week's time for furnishing the replies.

*(The witnesses then withdrew.)*

14. Thereafter, the Chairman welcomed the representatives of Lok Abhiyan and asked them to apprise the Committee of their views on the Lotteries (Prohibition) Bill, 1999.

15. Speaking on behalf of Lok Abhiyan, one of the representatives stated that their organisation had taken the lead in asking for a comprehensive ban on lotteries. Lottery was nothing but a game of chance and in other words it was gambling.

15.1 Touching upon the social aspect of the lottery, he stated that a survey done by Research & Development Institute based at Saket, New Delhi, revealed some startling facts. It revealed that more people in the age group of 20-50 were playing



lottery. Around 77.2% people who were playing lottery were also regularly consuming alcohol. 42.2% people played lottery for earning quick money. Another startling fact was that 96.2% people replied that they had never won any money.

15.2 He stated that lottery trade was thriving on manipulations, deceit and treachery. Therefore, it should be banned.

15.3 Referring to the main arguments of the supporters of lottery, he stated that loss of revenue as well as employment – the two main arguments – advanced for not banning the lottery, were, in effect, nothing but an attempt to camouflage for continuation of the trade.

16. Thereafter, the Chairman asked the witnesses to send a copy of the survey referred to during their presentation. He asked them to send information about the families affected as a result of the lottery trade and also about the persons who had committed suicide.

16.1 One of the Members wanted to know as to what alternative employment did these persons get who lost their employment after the ban on single-digit lottery.

17. Replying to points raised by the Member, the representative of Lok Abhiyan stated the figures of earnings of various States from the lottery. Another representative stated that it was lottery mafia which was actually benefiting from the lottery trade, States as such were getting a meagre amount of revenue. As regards the alternative employment for people who lost their jobs after a ban on single-digit lottery, he stated that a majority of them were those who switched over to lottery trade because of the lure of lucre. After ban, they went back to their real means of livelihood.

18. A verbatim of the proceedings was kept.

19. Thereafter, the Committee adjourned at 5.00 P.M.

## XXII

### TWENTY-SECOND MEETING

The Committee met at 11.00 A.M. on Tuesday, 26 June 2001 in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

#### MEMBERS PRESENT

1. Shri Pranab Mukherjee—*Chairman*

#### RAJYA SABHA

2. Shri Hansraj Bhardwaj
3. Shri Hiphei
4. Shri K.M. Saifullah
5. Shri C.M. Ibrahim
6. Shri C.P. Thirunavukkarasu
7. Shri Drupad Borgohain
8. Shri Kuldip Nayyar

#### LOK SABHA

9. Shri Samar Chaudhury
10. Shri M.O.H. Farook
11. Shri Vijay Goel
12. Shri Rajen Gohain
13. Shri Suresh Ramrao Jadhav
14. Shri Vinay Katiyar
15. Shri Arun Kumar

16. Shri Ram Nagina Mishra
17. Shri P.H. Pandian
18. Shri Subodh Ray
19. Shri Anadi Sahu
20. Shri Iqbal Ahmed Saradgi
21. Shri Manabendra Shah
22. Shri Raghuraj Singh Shakya
23. Shri Vishnu Datta Sharma
24. Dr. Raghuvansh Prasad Singh
25. Shri Lal Bihari Tiwari
26. Shri Raj Kumar Wangcha
27. Shri E. Ponnuswamy

SECRETARIAT

Shri Satish Kumar, Additional Secretary  
Shri A.K. Singh, Under Secretary  
Shri Narendra Kumar, Research Officer  
Shri Ashok Kumar Sahoo, Committee Officer

2. \* \* \*
- 2.1 \* \* \*

3. He then briefly traced the background of the Lotteries (Prohibition) Bill, 1999, highlighting that it had in a way, emanated from the recommendations of the Committee made in its Forty-second Report on the Lotteries (Regulation) Bill, 1998.

3.1 He made a brief mention of the arguments for and against the Bill as reflected in the status report prepared by the Secretariat and circulated to the Members.

3.2 He stated that while the evidence on the Bill had already been recorded, the views of the Committee were yet to be formulated. There was, however, difference of opinion amongst Members. Some of the Members favoured the imposition of total ban on lotteries whereas some felt that it should not be banned. As a result, the Committee was sharply divided on the issue.

3.2.1 In view of this, the Chairman, on his part, put forward two alternatives. First, he proposed that the Committee may adopt the traditional approach of recording all the evidence and allowing Members to give their note of dissent on various clauses of the Bill with a recommendation to the Government to have a fresh look at it. The second alternative was to suggest to the Government to reformulate the Bill in the light of the evidence recorded by the Committee and place it before Parliament so that it can take final decision thereon.

4. After putting forward his proposals, he invited suggestions from the Members.

4.1 A Member while supporting the enactment of the Bill stated that in the first instance, the Bill should not have been referred to the Committee for its consideration as it saw its origin in its recommendations contained in the Forty-second Report. He supported the ban on lotteries on various grounds.

4.2 Another Member felt that since the Committee was equally divided on the issue, it would be better if the Bill was returned to the Government with the suggestion that it may take appropriate decision thereon in the light of the varied views of the Members and evidence tendered by the witnesses before the Committee.

4.3 Thereafter, other Members present expressed their views. Some of them favoured the enactment of the Bill while others were of the view that in the absence of a consensus on the Bill, it may be returned to the Government to have a fresh look at it.

5. The Chairman, in his concluding remarks, stated that as there was no consensus in the Committee over the issue, it should be left to the Government of the day which was competent to have a relook into it. On the basis of the divergent views expressed by the Members, the Committee, in its report may recommend to the Government to evolve a consensus by holding

an all party meeting or having a thorough debate on the issue. With these recommendations, the Committee may report back to Parliament.

6. A verbatim record of the proceedings was kept.
7. The Committee then adjourned at 12.30 P.M. to meet again at 11.00 A.M. on 27 June 2001.

---

\*\*\* Relates to other matters.

## XLIV

### FORTY-FOURTH MEETING

The Committee met at 11.00 A.M. on Friday, 2 November 2001 in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

#### MEMBERS PRESENT

1. Shri Pranab Mukherjee—*Chairman*

#### RAJYA SABHA

2. Shri Hansraj Bhardwaj
3. Shri Sangh Priya Gautam
4. Dr. L.M. Singhvi
5. Shri S. Ramachandran Pillai
6. Shri C.M. Ibrahim
7. Shri C.P. Thirunavukkarasu
8. Shri Jayanta Bhattacharya

#### LOK SABHA

9. Shri Vinay Katiyar
10. Shri Arun Kumar
11. Shri Ram Nagina Mishra
12. Shri P.H. Pandian
13. Shri Shriniwas Patil
14. Shri Subodh Ray
15. Shri N. Janardhana Reddy
16. Shri Anadi Sahu
17. Shri Raghuraj Singh Shakya
18. Dr. Raghuvansh Prasad Singh
19. Shri Lal Bihari Tiwari
20. Shri Beni Prasad Verma

#### SECRETARIAT

Shri Satish Kumar, Additional Secretary  
Shri Tapan Chatterjee, Director  
Shri A.K. Singh, Under Secretary  
Shri Narendra Kumar, Research Officer  
Shri Ashok Kumar Sahoo, Committee Officer



2. The Chairman welcomed Members to the meeting. He informed Members that two draft Reports were to be adopted by the Committee, namely, Eightieth Report on the Lotteries (Prohibition) Bill, 1999 and the Eighty-first Report on the Code of Civil Procedure (Amendment) Bill, 2000.

2.1 He called upon Members to express their views and give suggestions on the draft Reports.

3. \* \* \*

3.1 \* \* \*

4. The Committee then took up the draft Eighty-first Report on the Lotteries (Prohibition) Bill, 1999.

4.1 Shri Anadi Sahu raised a matter regarding a Newsletter received by him from the All India Federation of Lottery Trade & Allied Industries, which *inter alia* mentioned about an offer made by that organisation to MPs for installing tube-wells in their constituencies. Shri Sahu further stated that the Newsletter mentioned the names of certain MPs having responded to the offer and had also published the names of MPs who had opposed the Bill. Shri Sahu contended that the matter amounted to unduly influencing MPs in opposing the Bill by offering inducements. He then drew the attention of the Committee to a letter written by him to its Chairman and requested for action to be taken against the concerned persons.

4.2 The Chairman then read out the letter of Shri Sahu and informed him that he had directed the Secretariat to examine the matter and put up the case on file.

4.3 The Committee thereafter adopted the Report.

4.4 The Committee authorised its Chairman and in his absence Shri S. Ramachandran Pillai to present the Report in the Rajya Sabha and Shri Anadi Sahu and in his absence Shri P.H. Pandian, to lay the same in the Lok Sabha.

5. The Committee decided to lay the Evidence recorded on the two Bills in both the Houses along with the Reports.

6. \* \* \*

7. The Committee then adjourned at 11.51 A.M.

---

\*\*\* Relates to other matters.

---

## ANNEXURE

ANNEXURE-I

AS INTRODUCED IN THE RAJYA SABHA  
Bill No.LIII of 1999

---

THE LOTTERIES (PROHIBITION) BILL, 1999

A  
BILL

to prohibit the organisation, conduct and promotion of lotteries and to provide for matters connected therewith or incidental

thereto.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:-

1. (1) This Act may be called the Lotteries (Prohibition) Act, 1999. Short title and  
(2) It extends to the whole of India extent.

52. In this Act, unless there is anything repugnant in the subject or context,;- Definitions.

(a) “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 lots or chances of prize by purchasing tickets;

(b) “organisation” means any local or other authority functioning under the control of the Central Government or a State Government and includes an undertaking established by or under a Central, Provincial or State Act or which is controlled or financed wholly or substantially by funds, provided directly or indirectly, by the Central Government or a State Government or a Government company as defined under section 617 of the Companies Act, 1956

10

1 of 1956

Prohibition3. The Central Government or a State Government or any organisation shall not –

- of lotteries (i) organise, conduct or promote any lottery or sell or distribute or put for sale any lottery ticket, in any manner whatever or receive or remit any money in pursuance of organising, conducting or promoting any lottery or sale or distribution or putting for sale of any lottery ticket; or 5  
(ii) cause any lottery to be organised, conducted or promoted through any other person including any society whether registered or not under any law for the time being in force.

Penalty4. (1) Where any contravention of the provisions of section 3 has been committed by any Department of the Central Government or State Government or any organisation, the Head of such Department or the person incharge of such organisation, as the case may be, shall be guilty of offence and shall be liable to be proceeded against and punished under sub-section (3): 10

Provided that nothing contained in this section shall render such Head of the Department or such person incharge liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence. 15

(2) Notwithstanding anything contained in sub-section (1), where any offence under sub-section (1) has been committed by a Department of the Central Government or State Government or any organisation and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any officer, other than the head of such Department or the person incharge of such organisation, such officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly. 20

(3) Whoever commits an offence under sub-section (1) shall be punishable with rigorous imprisonment for a term which may extend to two years, or with fine, or with both.

5. (1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was incharge of, and was responsible to the company for the conduct of, the business of the company, as well as the company, shall be deemed to be guilty of the offence 25

and shall be liable to be proceeded against and punished accordingly:

Offence by  
companies

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

30

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

*Explanation*-For the purposes of this section, --

35

(a) "company" means any body corporate and includes a firm or other association of individuals; and

(b) "director", in relation to a firm, means a partner in the firm.

40

45

2 of 1974. Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence under this Act shall be cognizable and non-bailable.

Offences to be  
cognizable  
and non-  
bailable

17 of 1998

7. (1) The Lotteries (Regulation) Act, 1998 is hereby repealed.

Repeal and  
saving

10 of 1897

(2) Notwithstanding such repeal, without prejudice to the application of section 6 of the General Clauses Act, 1897, anything done or any action taken or purported to have been done or taken in pursuance of the Act so repealed shall, in so far as it is not inconsistent with the provisions of this Act, be deemed to have been done or taken under or in pursuance of the corresponding provisions of this Act.

## STATEMENT OF OBJECTS AND REASONS

The malpractices in the conduct of lotteries and its impact on the poorer sections of the society had been under scrutiny of the Government for quite some time. The continued prevalence of the popularly known single digit and instant lotteries and



the temptation offered by them had proved to be the undoing of many families. In spite of the guidelines issued by the Central Government from time to time as also the guidelines issued by the Supreme Court of India in the matter, the evil could not be totally eliminated and it was felt that a Central legislation to regulate the conduct of lotteries was necessary to protect the interest of the gullible poor. To tackle this evil, the Lotteries (Regulation) Act, 1998 was enacted by Parliament. This Act, besides imposing stipulations for conduct of lotteries in the country, banned single digit and pre-announced number lotteries.

2. The Lotteries (Regulation) Bill, 1998 was referred to the Department related Parliamentary Committee on Home Affairs. The said Committee, after considering the matter in all its aspects, had strongly recommended to the Government to come forward with a comprehensive Bill, at the earliest, in consultation with all the State Governments and the Union territory Administrations, imposing a complete ban on the lottery trade in the country. The matter was debated at length in Parliament when the said Bill was taken up for consideration. During the debate, there was an overwhelming view in both Houses of Parliament in favour of banning the lotteries.

3. The matter was also placed before the Conference of Chief Ministers held on the 27 November, 1998 in New Delhi. The general consensus in the Conference was that lotteries should be statutorily banned.

4. Under the Constitutional frame-work, Parliament has legislative competence with regard to lotteries falling under entry 40 of List I (Union List) of the Seventh Schedule to the Constitution. Other types of lotteries fall under entry 34 of List II (State List) of said Schedule which is within the legislative competence of the State Legislatures. The Bill, therefore, proposes to prohibit the Central Government, State Government and any organisation controlled by such Government from conducting, organising or promoting any lottery. It also seeks to repeal the Lotteries (Regulation) Act, 1998.

The Bill seeks to achieve the aforesaid object.

L.K. ADVANI

NEW DELHI;

The 21<sup>st</sup> December, 1999

ANNEXURE-II

#### LIST OF WITNESSES WHO GAVE ORAL EVIDENCE BEFORE THE COMMITTEE

Sr.No.	Name of Witnesses	Date of Oral Evidence
	Representatives of Ministry of Home Affairs	29.6.2000
1.	Shri Kamal Pande, Secretary, Ministry of Home Affairs	
2.	Shri Durgadas Gupta, Joint Secretary	
	Representatives of Government of Meghalaya	24.11.2000
3.	Shri J.P. Singh, Chief Secretary	
4.	Shri P.J. Bazeley, Principal Secretary (Finance)	
	Representatives of Government of Punjab	-do-
5.	Shri K.R.Lakhanpal, Principal Secretary (Finance)	
6.	Shri Vinod Kumar Bhalla, Joint Secretary (Finance)	

Representatives of Government of Manipur -do-

7. Shri Rakesh Prasad, Chief Secretary  
8. Shri Vijay Chhibber, Principal Secretary (Finance)

Representatives of Government of Arunachal Pradesh -do-

9. Shri P.M. Nair, Chief Secretary  
10. Shri C.P. Manasai, Secretary (Law)  
11. Shri T. Bagra, Secretary (GA)

Representatives of the All India Federation of Lottery Trade and Allied Industries 6.11.2000

12. Shri Usman Fayaz, President  
13. Shri Ajay Suri, General-Secretary  
14. Shri Vijay R. Raghavan, General-Secretary  
15. Shri Sugal Chand Jain, Member

Representatives of Northern India Lottery Association -do-

16. Shri H.K. Chugh, Vice-President  
17. Shri G.L. Mintoo, General Secretary  
18. Shri Vimal Abbot, Member

Representatives of Kerala Lottery Agents' Association 8.11.2000

19. Shri Purushottama Bharathi, President  
20. Shri P. Chandran, Working President  
21. Shri K. Jayananda Pai, General-Secretary

Sr.No. Name of Witnesses Date of Oral Evidence

Representatives of Karnataka State Lottery Sellers' Association 8.11.2000

22. Shri V.K. Kelkar  
23. Shri G. Rathan  
24. Shri K.N. Pramodh

Representatives of All India Security Printers' Association -do-

25. Shri A. Palanivel  
26. Shri Vijay R. Raghavan  
27. Shri Ajay Khurana

Representatives of Lok Abhiyan, Delhi -do-

28. Shri Sudhanshu Mittal  
29. Shri Vijender Kumar  
30. Shri Jitender Gupta  
31. Shri Tulsi Aggarwal

---

♣ Nominated *w.e.f.* 15 March , 2000 *vice* Shri Akhilesh Das.

⓪ Nominated *w.e.f.* 28 February, 2000.

⓪ Re-nominated *w.e.f.* 5 May, 2000.

⓪ Nominated *w.e.f.* 29May , 2000.

\*Ceased to be member *w.e.f.* 7 November , 2000 on being appointed as a Minister.

(i)