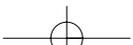
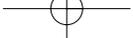


# **LOTTERIES**

## **BEYOND FORTUNES**



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## **BEYOND FORTUNES**

**N. SUGALCHAND JAIN, B.A**

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Dedicated  
to  
all the lottery sellers  
and players  
for their contribution towards social development



## JUST A FEW WORDS

As we are debating whether to have lotteries or not, the Spanish Lottery advertises its popular game El Gordo's December draw in the latest issue of 'Swagat', the inflight magazine of Indian Airlines. They seem to know that Indian citizens can easily be lured since our states do not seem to offer much by way of lottery games. The British government started its own lottery when it found that their citizens were playing foreign lotteries, helping the latter's economy. The British have made an enormous success of their operation. Do we always have to wait for years to decide the best course of action and reap the benefits?

The detractors of lottery say that it is a game of chance, to which the poor turn and hence should be banned. It is true that lottery is a game of chance. But so are forward trading, stock and commodities trading, racing and betting in the foreign exchange market. When these are allowed to continue, why target lotteries alone, especially when lotteries are the ones that contribute enormously towards development works and offer employment opportunities?

An economically weak person may play the lottery hoping to win money. If he has to view the lottery as entertainment and not as a source of income, it is his socio-economic conditions that need to be improved and not the lottery be denied. The problem here is poverty and not lottery.

The sale and consumption of liquor and tobacco go on freely even when their effect on the health of the user is known. When statistics point towards tobacco being the cause of many illnesses, the trade is allowed to flourish. When lotteries do not have the bad effect of liquor and tobacco, one wonders why it is being singled out for a ban.

And how does proscription provide a solution? Illegal hooch tragedies are a clear pointer as to what would happen when something is banned. Instead of correcting a small mistake – irregularities in the case of lotteries - we allow a bigger and cancerous evil to grow in its place. The trade goes on illegally and it is the government and development projects that suffer, since the money that should go to the government is siphoned off because of the ban. Let us not forget the employment opportunities it gives to millions who are not in a position to take up any other job. In my experience in the trade for three decades, on various occasions, the lotteries have been banned and restarted in Tamil Nadu, leading to hardship for millions. For these and more reasons the people in the trade are asking for enforcing stringent regulatory laws.

These are the facts and factors that have been put forward in this book. I thank all my friends and colleagues in the trade for their cooperation and support. I am very grateful to Mr. Kamlesh Vijay, my partners Mr. G.N. Damani, Mr. P.B. Chedda, Mr. R.N. Damani, Mr. Rajan Chedda and Mr. Kishore Ajmera for their assistance in helping us bring out this book. The role of my sons Mr. Prasanchand Jain and Mr. Vinod Kumar needs special mention as they helped me realise my idea of bringing out this book. I am very grateful to the Commissioner of Archives and Historical Research for having granted permission to use the Archives' resources. I am also thankful to the various officials and assistants in the Library and Research Hall of the Archives for their kind cooperation and help. I thank Mr. D.C. Ravi of DC Books, Kottayam for the valuable inputs regarding Mr. Kizhakemuri's role and for other lottery titbits. I thank Ms. Jency Samuel for collecting and compiling all the necessary information. I express my gratitude to Mr. N. Muralidhar of Hyderabad for his editorial help. I also owe it to the millions of lottery traders, retailers and players for their sustained support.

I hope this book serves as an eye-opener to the skeptics and supporters of the trade as well. For, even a non-playing supporter is unlikely to know that millions get educated, healed and fed because of lotteries.

At a time when everything is being globalised and internet is facilitating a person inhabiting a remote island to participate in a lottery, shouldn't we at least allow our citizens to play? When a global United Nations Lottery is on the cards, is it not time we re-analysed our thoughts? I hope this book serves its purpose of enlightening the public on these and allied matters.

N. Sugalchand Jain

### **Preface to the Second Edition**

The tremendous response to this book has encouraged us and necessitated it to bring out the second edition. We have updated the information and data and gone in for a revamp.

Of late mobile phone users have been receiving offers to take part in product promotional draws by sending SMS. Commercial retail outlets also have draws for coupons issued to their customers as festival offers. The authorities turn a blind eye to these practices that take place without permission. It is the just wish of the lottery trade that they be allowed to conduct their business. I hope this helps you see the trade in the right light.

N. Sugalchand Jain  
November, 2006

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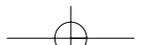
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## LOTTERIES - BEYOND FORTUNES

**The first argument against lotteries is that it is a game of chance and hence a form of gambling. But so is speculation in the stock market, forward trading, hedging and betting in the foreign exchange market, horse racing and commodities. All these have not been banned and the authorities are trying only to restructure them. In such a case it is only fair that the lotteries too are restructured and not banned.** It should be pointed out that while the investment is high, the losses too are considerable in speculation. The investment of a lottery player is relatively very less.

Another point to be noted is that the gambling instinct in man is a natural one. Hunger, sexual urge, the tendency to dominate and taking chances are the four basic human instincts. To satiate hunger, we grow food crops that lend themselves to various forms of food intake. The institution of marriage has been created to take care of the sexual urge. The keenness to dominate is met by hierarchy such as government departments and other institutions where one is empowered to control others by means of positions and authority. As far as taking chance is considered, it is applicable to all aspects of our life - right from education to career and marriage. And when one tries to quell a basic instinct, it manifests itself in various other often harmful activities. For example, when the sale of liquor was banned, it led to a spurious liquor trade, leading to many casualties. Similarly, gambling is also innate to human nature, and if denied the opportunity, it would cause more harm than the cases of depression being blown up by the anti-lottery campaigners. The gambling instinct being inherent to human beings, it should not be denied. It just needs an outlet and the present form of outlet that we have in the form of lotteries needs only to be channelised. Besides, if the lottery were as pernicious as painted, our constitutional authors would not have included the same in the Indian Constitution.

Another argument is that, with so much of uncertainty and near misses involved in lotteries, players tend to become depressed and suicidal in some cases. Depression and suicidal tendencies are not applicable to

lotteries alone. With changing lifestyles and work pressures cases of depression have been widely reported. Right from students who fail to clear the exams to software professionals and beauty queens, there have been suicides regardless of age, gender and economic & social background. The simple solution would be to introduce helplines and counselling centres, the phone numbers of which can be printed on the tickets as being done in some countries.

Then comes the health aspect. Liquor and other tobacco products are sold freely with just a statutory warning. They are the products that harm the health of a user, which is not the case with lotteries. To deal with the health problems of liquor and tobacco users, the government has to spend financial resources on hospitals, doctors and cures.

As for saying that lotteries are addictive, so too are coffee, cigarette, browsing and even shopping. And we know that even nectar if taken in excess turns poison. Recent researches reveal that compulsive behaviour that leads to addiction is a chemical or biological problem, and therefore, gambling by itself, is not the problem.

**The same holds good for poverty, in regard to which one can say that lottery is not the problem but poverty is. It is true that people from the lower income group try their hand at lotteries in the hope of solving their financial problems. If they have to view lottery just as a game, it is their socio-economic status that needs to be improved and not the lottery to be withdrawn.**

The complaint of the anti-lottery campaign is that the poor spend more on lotteries. It holds good for any product and not just lotteries. When a poor man who earns Rs. 2000 a month spends Rs. 10 on something - be it rice or lottery- he is spending 0.5% of his earning. Whereas for a man who earns Rs. 20,000 it is only 0.05% of his income. At the same time one cannot ask a poor man not to buy lottery citing his economical status as a reason. That will be taking away his freedom. To counteract this problem Edward J. Stanek, president of NASPL had suggested that the government could sell lottery

tickets at a discounted price to the economically weak, like issuing gaming and food stamps.

The general opinion is that lottery players belong to the lower income group and there are more retail outlets in areas where they reside. Studies in the USA have shown that a majority of the lottery players are from the middle-income group. As for having more retail outlets in localities where the lower income group resides, it is done in order to provide equal service. Because the number of people residing per square kilometre area in these localities is many times that of the posh neighbourhoods.

Then come the employment opportunities. When lotteries were banned in Tamil Nadu, the means of livelihood of six lakh families were withdrawn. With unemployment ever on the rise, lotteries provide a good way of employment opportunities. What is more, both uneducated and the educated can take it up. Because the seller at the tail end of the marketing system needs just a few hundreds of rupees to invest and no education is necessary. **In India many of the tail end sellers are the visually handicapped, the elderly and destitute women. In fact there were a few cases of reformed prisoners taking it up. And the lotteries provide an opportunity for the educated as well to take up retail agency.**

**In China, 15000 retrenched workers were re-employed by the government as lottery retailers. Lottery operating states in the USA have a total of 178,000 retailers. In Kerala 35000 registered agents and throughout India around 7 lakh vendors are employed by the lottery trade. It has the potential to employ 25 lakh people if all the states in India operate lotteries. When the trade presents such vast employment opportunities other than its contribution to auxiliary industries and welfare measures as discussed in the following chapters- it is reasonable to give the trade its due.**

Lotteries are often dismissed as just a game or the recourse of those who want to make easy money. How many of us know that **for every**

**player who takes part in the lottery, there is a child who attends school and gets his midday meal, there is an elder who gets his meal, there is a sick who gets his medicines and an Olympian who gets trained.** Because that is what lottery does. On the other side of the fun and entertainment of a lottery is its humanitarian face that strives to make this world a better place. It is hoped that the arguments and statistics would dispel myths and make people see beyond blinkers. Because, apart from making millionaires, lotteries help millions lead a better, healthier life.

## ROLE OF LOTTERIES IN DEVELOPMENT

Even as someone in India is crying hoarse that lotteries should be banned, children from the bottom rung of the socio-economic ladder in his locality would be attending a school - courtesy lotteries played by someone in distant Netherlands. Sounds incredible, but a fact nevertheless.

As some citizens in Bangalore, Karnataka raise their voices against lotteries, children in Karnataka's government primary schools are having their noon meal, thanks again to lotteries played by fellow-citizens.

But how does a lottery held half way across the globe help a child in India pursue education? **The *Nationale Postcode Loterij* (NPL) or National Postcode Lottery of Netherlands donates 60% of its turnover, the highest in the world. It benefits forty Dutch and global NGOs working towards poverty alleviation, human rights and nature conservation. And Pratham, an NGO in India is one among those forty.** In 2001, NPL contributed 177million Euro (US \$213 million) to various organisations. The beneficiaries include Novib, World Wide Fund for Nature, Red Cross, UNICEF, Greenpeace, Medicins sans Frontieres and Amnesty International.

Novib, established in 1956, is the Netherlands wing of Oxfam International, an organisation working towards developmental cooperation. In 1999, Novib joined hands with Pratham, an Indian NGO working with the aim of educating every child. **The financial assistance from the Netherlands lottery is of the order of Rupees 30 million a year for Pratham-Novib's works in Mumbai (Bombay), Gujarat, Rajasthan, Delhi and Bihar.** To have an idea of the kind of work done by Pratham - Novib, a lottery beneficiary, one has to take a peep into a few statistics.

Its Delhi project has Bridge Courses (to prepare children in the 6-11 age bracket join school), Balsakhi classes (to help slow learners) and Balwadi classes (preschool). There are presently 79 Bridge courses, 347 Balsakhi classes and 46 Balwadis, benefitting 9000 Delhi children. In Jaipur

of Rajasthan, besides Bridge courses, Pratham Education Centres (PEC) educate children in rural areas that do not have schools. Community Children's Centres (CCC) teach children in a combination of formal and activity-oriented learning. With 150 Bridge courses, 32 PECs and one CCC, 9000 children have benefitted. In Patna, Bihar, 1500 children are the beneficiaries through similar projects. Pratham - Novib initiated work in Gujarat after the 2001 earthquakes, benefitting 16,000 children. In Mumbai, the organisation works towards innovative teaching and learning methods and rapid mass assessment techniques. Besides, the organisation works on renovation of school buildings, adding infrastructure and so on. And all this has been possible because citizens of Netherlands know the positive impact of lotteries.

**Why do we depend on funds from other countries - lottery funds particularly - when our own country has the potential to raise revenue of up to Rs. 20,000 crore from lotteries? When the industry functions like any other why shun it? Agreed that it does have irregularities, but any development project has its peculiar defects. Though lottery as such is not a development project, it has a vast potential to contribute to the same. And lotteries are certainly not going to submerge villages and uproot people. At the most, a person might lose a few hundred rupees spent on purchasing tickets. Any developmental project has its negative aspects. But lotteries are not going to have the effects of a Chernobyl (The nuclear power disaster in 1986 at Chernobyl, USSR - now Ukraine - that led to human casualties and the radiation levels spread to a 20-mile radius) or a Bhopal. Compared to the other industries, the effects of lotteries are negligible. A few involved in the operation of lotteries may be lining their pockets through manipulation. To avoid such turn of events, the lottery needs to be restructured.**

**The tsunami that hit the South East Asia on Boxing Day in 2004 devastated many countries. One of the worst hit, Sri Lanka decided to raise money for rehabilitating the victims through a lottery. The Sarana National Lottery was launched In January 2005 by the National Lotteries Board for this specific purpose.**

The Big Lottery Fund, one of the distributors for UK's Good Cause Lottery Fund has contributed £12 million (nearly Rs. 100 crore) towards reconstruction measures of tsunami-affected areas. Lotteries conducted by the Tamil Nadu government earlier helped fund the defense forces during the Indo-Pakistan war and in rehabilitating almsmen and the physically challenged. UK's National Lottery has contributed nearly £ 19 billion for various good causes that include the Southampton Dragonfly Team that provides medical care to terminally ill children and Youth-to-Youth that counsels troubled youth. Lottery funds have helped seven Singaporean athletes train for the 2008 Olympics. In thirty years, the British Columbia Lottery Corporation, which operates lotteries in the British Columbia region of Canada, has contributed more than \$ 6 billion for community causes.

As early as in 1973, the Tamil Nadu government raised Rs. 213 lakh by operating the Defence Fund Lottery. With a bullion rate of Rs. 200 per 10 grams of gold in 1973, this would amount to Rs. 95.85 crore today. From lottery funds, the states of Florida and Michigan in the USA have contributed \$ 15 billion and \$ 13 billion respectively for education in two decades. Two other states have funded environmental projects worth \$ 176 million in 2005 alone. In 2005, four states of the USA and Australia together have contributed US\$ 901 million from lottery funds for healthcare projects worldwide. **In 2005, the Netherlands State Lottery contributed nearly 6000 million Euro (approximately Rs. 30,000 crore) for humanitarian, environmental, public health and various other welfare activities.** Even the small island nations of New Zealand and Singapore generate billions of dollars through lotteries, the funds being utilised for a vast spectrum of welfare measures.

**In fact, the idea of operating a global lottery to fund UN development projects has been doing the rounds since the 1970s.** It was first proposed by Ghana in 1972. In 2002, Finland's President Tarja Halonen also talked about a global lottery during her speech at the International Conference on Financing for Development. The idea originated from the success and contribution of lotteries in many countries worldwide. Besides, lotteries have acquired a new status and are not being looked down upon as in the past. Till the 1970s lotteries were controlled by businessmen who started as retailers and rose up to become operators. The

manual processes involved led to mistakes and irregularities. But now the entire operation uses latest technology and is completely automated, which makes it credible and transparent. The operators today are big corporates and multinationals who have brought in a touch of professionalism. With their marketing techniques they have been able to lure the reluctant middle class into playing the games. Now is the time for the government to fully utilise the technology, the changed mindset of the people, and the respect the lottery trade has earned for itself and generate funds to be spent on development works.

In a paper presented in 1994, Erskine Childers and Brian Urquhart proposed that **'a possibility for income moving more directly to the UN - but still with government licensing in each country - would be an annual United Nations Lottery**, administered by a special authority under the Secretary General'. Recently the former president of Finland, Martti Ahtisaari also put forth the idea of a global lottery. In 2003, World Institute for Development Economics Research (WIDER) of United Nations University, Helsinki and UN-DESA undertook a project on 'innovative sources for development finance', directed by Sir Anthony B. Atkinson of Oxford University. A paper under this project, presented by Tony Addison and Abdur R. Chowdhury put forth the idea of using lotteries to raise resources for global development programs. The first option of running a global lottery would be to permit each country operate the national version of the global lottery. The second option would be to let a single organisation handle the entire global lottery operations. The paper looks into the details of whether the profits should be shared with the national governments as otherwise the global lottery would be competing against the national lottery; and this may not be acceptable to the local government.

The fact that prestigious and highly regarded global institutions like the UN and Oxford university are working towards a global lottery clearly indicates the benefits accruing from it. Evidence available from past, such as the British Museum and King's College and that of our times like the Sydney Opera House point to the constructive impact that lotteries can have on development and economy. Hence it is only right that India also utilises the potential of the lottery to its advantage.

## LOTTERIES THROUGH THE AGES

### Meaning of Lottery:

The term 'lottery' means an event whose outcome is determined by chance. The word probably originated from middle Dutch *loterije* or old French *loterie*.

Though there is no universal definition, the legislation of the EU Member States describes lotteries as:

' ... services ... provided by the operator of the lottery to enable purchasers of tickets to participate in a game of chance with the hope of winning, by arranging for that purpose [for] the stakes to be collected, the draws to be organised and the prizes or winnings to be ascertained and paid out'.

The dictionary defines it as an activity or endeavour, the success of which is regarded as a matter of fate or luck. According to the Encyclopedia Brittanica, '... many state governments seeking revenues instituted officially sanctioned, independently audited lotteries. In most such operations, the bettor buys a numbered receipt or writes down his or her number choices, a drawing is held, and the winners identify themselves. The value of the prizes is the amount remaining after expenses and the state's share are deducted from the pool. Winnings are usually subject to taxes. The top prize can grow into tens of millions....'.

### Lots and Decision-Making:

Lotteries seem to have existed over a considerable period of time. Historians and scholars differ on when and where the lotteries originated. There are quite a few references to drawing of lots in the Bible. But unlike the lottery of the present day, the lottery of the Biblical times was used for a different purpose and it did not involve money either as a price or prize. They were mainly used in division of lands and in decision-making. The book of Joshua in the Old Testament mentions that Joshua cast lots to distribute land to the twelve tribes of the Israelites. According to the books

of Jonah and Samuel I, lots were drawn to identify the person - who because of his wrongdoing - was responsible for the calamities brought on the sailors and fellowmen respectively. In the New Testament, after Jesus was crucified, the soldiers drew lots to decide who should take the garments of Jesus. Then after the death of disciple Judah, the other disciples drew lots and chose Matthias in Judas' place.

Even now the practice of drawing lots to take decisions in certain situations is followed - as in the case of leasing of quarry mines to applicants by the government of Rajasthan. Almost in all the Housing Development Projects of state governments of India, the flats or houses are allotted by a draw of lots.

### **Lotteries in the Ancient Period:**

Ancient cultures of Greece, India, Rome, China and Japan have a long history of draw of lots and lottery based games. Greek youth drew lots to be chosen for the honour of being sacrificed to the Minotaur (a half man half bull creature in Greek mythology). Mahabaratha recounts how Yudhishtara lost his kingdom to the Kauravas in a gambling game. Similarly the book Nalavenpa has the story of Nalan, king of Nidadha country who lost his kingdom in a game against king Pushkaran. Romans had a betting game based on the outcome of chariot races.

Chinese scrolls tell that, around 195 BC, Cheung Leung of Han Dynasty introduced Keno, the Chinese form of lottery. When his city was besieged, appeals to his subjects to contribute more for the war went unheeded. So he created Keno, a game of chance, where a person had to wager money or property for a chance to win. Keno was introduced to America when Chinese workers were brought to work on the American Railroads Projects.

### **Lotteries in Europe and America:**

Evidences show that lotteries flourished in many European countries between fifteenth and seventeenth centuries. Other than the Chinese Keno,

the first known lottery that required payment to win was held in Florence of Italy around 1530. The game was a version of Bingo and it was the first game that gave cash prizes. In Italy, olives containing numbered parchments inside them were used for the draw of the winning numbers. From Italy, the game spread to France in 1533 during the battle campaign of Francois I. Louis XVI of France invented the Loto dauphin for his son.

The first lottery in UK was held in 1566. When European settlers came to America, they brought the game and the first lottery of America was held in 1612. While lotteries in the North America owe their origin to the influence of English lotteries, those in Southern and Central America were inspired by the Spanish lottery. Later, King James I of England authorised a lottery in London to aid the establishment of the first English colony in America in Jamestown of Virginia. Georgia's first lotteries were authorised in 1784 to fund the construction of a hospital and a dwelling for seamen in Savannah. Many community projects, including a courthouse in Screven, streets in Milledgeville and a fire company in Augusta were taken up in a similar manner between 1790 and 1839.

### **Lotteries and Churches:**

It is interesting to note that **even churches participated in lottery to garner funds for their various projects.** In the lottery conducted for the benefit of Jamestown, two of the three winning tickets were held by Anglican churches. Churches in France were built and renovated using lottery revenue. Churches in Kerala too benefitted from private lotteries in the 1960s. Even now churches in India hold a simpler version of Bingo, named Housie-Housie or Tambola, especially during Harvest Festivals, to collect funds for their ministry works.

### **Lotteries instead of Loans:**

Till the nineteenth century, there were very few public banks. Before 1790, America had only three incorporated banks. And many of the governments had to resort to lottery to fund their charitable and infrastructural projects as banks that could lend loans were non-existent or

very few. In the early systems of lottery, 85% of the proceeds were given as prizes to the public and 15% went to various social welfare and community projects. They were viewed as contributions for the cause of charitable and public needs rather than as revenue generators.

### **A Turbulent 18th Century:**

In the 1800s, lotteries became a popular form of entertainment. Also, privatisation started taking place. With popularity came corruption. During the Revolutionary War of America, lotteries fell into disrepute, necessitating their closure. New York became the first state in the US to prohibit lotteries. Canada followed suit and by 1878, all states of the US, except Louisiana had banned lotteries. Louisiana too banned it in 1905. But in other countries such as Spain and Netherlands - the latter having the oldest lottery that is still running - lottery remained popular. In 1964, New Hampshire of USA got around the anti-lottery laws by linking lottery to the horse races and re-established the state lottery and other states followed suit. In the 1980s, many countries made lottery more attractive by introducing new prize structures, new games, instant lottery, multiple-game marketing and increased prize payouts.

### **Lotteries in Muslim and Communist Countries:**

**Even though Muslim law forbids lotteries, many Muslim countries such as Morocco and Pakistan conduct lotteries.** So is the case with communist countries, such as Russia, Kazakhstan, China and others.

### **Lotteries - pros and cons:**

In the UK too, there was no lottery after 1826, when it was banned. In 1994, however, a state-sanctioned National Lottery was started. The decision was taken since the public was participating in lotteries of other European countries benefiting the exchequers of those countries.

In all the lotteries worldwide, the governments use the revenue for infrastructure development, arts, health, education, sports and charity. But

as in any other project, especially a money generating one, lotteries too have their share of controversies. The detractors point out the irregularities and the compulsory playing habits of some citizens leading to addiction. While there may be a few addictive cases, it should be pointed out that **lotteries do not pose any health problem as compared to the addiction to tobacco and alcohol. Besides, to tackle the health problems arising from tobacco and alcohol, government has to shoulder the burden of spending on hospitals and medicines. In fact, way back in 1999, after a study, European Union psychologists had warned that obsession to surf the internet was a more serious problem than lottery addiction.**

As for irregularities, banning lotteries as has been done in the state of Tamil Nadu does not offer a solution. In fact it only compounds the situation since the tickets of other states are sold in black market and are priced higher. Worse still the local state government stands to lose its share of the revenues. Besides, with foreign lotteries easily available over the internet, and with the government relaxing regulations on an individual's foreign exchange expenditure, people tend to opt for the foreign lotteries. This results in an avoidable loss of foreign exchange. Instead it would be wise to critically study the steps taken by countries like UK where lotteries are run successfully, and adopt them to suit local conditions and avoid any defects.

### **Lotteries and Education:**

In the nineteenth century, lotto-type games were used in children's education. The games helped in imparting knowledge in history, geography, maths, animals and plants.

### **Reasons for Restructuring:**

Banning lotteries is shirking the problem and not facing it squarely, because the trade employs more than five million people in India, many of whom are illiterates and differently-abled. Besides, it has to be realised that the trade supports various other industries. Lotteries not only provide

revenue to the governments and employment to many, but has helped many private and social organisations - such as the Cancer Institute, Chennai that have been benefited immensely in funding their cancer cure programs. The chapter on worldwide lotteries will clearly show the number of organisations and people that are being benefitted by lotteries.

In each country that operates the lotteries, a sizable portion of the lottery revenue goes towards various good causes. **It should be realised that poverty and not lottery is the problem. The players should be made aware that playing lottery is not a means of livelihood.** If, instead of a ban, the lottery operations were restructured, then it would be beneficial to all concerned.

## **LOTTERIES (PROHIBITION) BILL, 1999 - PROCEEDINGS OF COMMITTEE MEETING**

The Lotteries (Prohibition) Bill, 1999 was taken up for discussion by the Department-related Parliamentary Standing Committee on Home Affairs. The committee considered the Bill in six sittings. In 2000, Rajyasabha elicited public views on the question of banning lotteries through newspaper advertisements. In the first week alone, there were nearly 70,000 responses most of them arguing against the ban. Among the responses about the Lotteries (Prohibition) Bill - 1999, 26 MPs from both Lok Sabha and Rajya Sabha gave memoranda supporting the lotteries, whereas only one MP supported the ban. In the parliamentary committee meeting for the discussion of the Lotteries Prohibition Bill 1999, which was attended by the author of this book on behalf of the trade, many points were raised.

The MPs pointed out that the ban would lead to unemployment. The ban would affect the paper industry, since the lottery trade consumed 1,00,000 tonnes of paper. The MPs also pointed out that the 50 security printers who were solely dependent on the trade would face closure.

The prohibition forums mentioned that the operators had devised ways of offering the banned single digit lottery, that the number of people employed by the trade was less than that claimed by the lottery lobby and that the financial loss to the state governments could be compensated by additional grants from the central government.

While representatives from paper mills, printing presses and transporters put forth their problems arising out of a ban, the printers pointed out that the lotteries should be regulated and not prohibited.

Associations of lottery traders and agents suggested ban of private lotteries to overcome malpractices. They pointed out loss of revenue to governments and allied industries because of the ban. It would render about 25 lakh people jobless and illegal gambling would become rampant. Their argument was: 'There are several practices like consumption of liquor,

tobacco, etc. that have a more pernicious effect. Then why single out lottery trade?' They too suggested that the trade needed to be regulated and not prohibited.

Representatives from social institutions said that the trade donated generously to various social causes and institutions such as hospitals, charitable trusts, healthcare projects, research institutions, etc. A ban on the trade would result in these organisations being deprived of one of their main sources of financial support.

Suggestions from the public included intense supervision during the draw, while publishing the results, etc. and distribution of unclaimed prize money for social welfare measures. Another suggestion was that the states should receive a minimum percentage of the gross value of tickets approved by the government instead of fixed amounts. This would prevent irregularities and printing of unlimited number of tickets. A section of the public said that there should be procedures for ensuring uniform accounting of the sale proceed and also for auditing of the sale proceeds by the state governments. Some suggested that the government could impose a levy on the turnover of lotteries. The number of draws held per day by a state government should also be restricted. One person pointed out: 'The country has not given up horse racing, casinos, forward trading, hedging, dealings in stocks and shares all of which have an element of gambling in their operation. These activities have not been banned. Instead, the effort has been 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'.

Among the state governments, some approved the bill and some argued against it while a few gave conditional support. While the state governments that did not support the ban voiced their concern over unemployment and loss of revenue to governments, many assured concrete measures to regulate the trade.

The government of Arunachal Pradesh called for a regulatory mechanism and put forward many suggestions for a transparent and

efficient functioning of the trade. The suggestions included: limiting the maximum number of draws in a day to 20 or 25, having proper names for the schemes without prefixes or suffixes, limiting bumper draws to a maximum of 4 or 5 per year and fixing profit margin of state between 5% and 7% of the total turnover. It also mentioned that the government should undertake the actual printing of tickets, and do so at its own cost. A minimum of 50% of the turnover should be distributed as prizes which should be paid / distributed by the government.

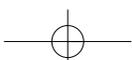
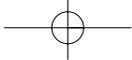
The states of Goa, Manipur, Mizoram, Sikkim, Meghalaya and Manipur pointed out that their respective states did not possess adequate resource base and hence they relied on lotteries to overcome financial crunches.

The government of Maharashtra stated that if state-run lotteries were banned, private groups would lobby for state-authorized private lotteries, since it was within the powers of the state government as per the State List of the 7th Schedule. Such a move would only be advantageous to private operators and not the government.

Punjab pointed out that there was no uniformity in approach and methods to lotteries of various state governments. It also advocated a minimum fixed percentage to be given as prizes and also introduction of computerised / satellite-linked lotteries in order to have more transparency.

Sikkim suggested that there must be a ceiling on the number of draws a State can conduct in a day or month.

The Committee chairman in his concluding remark observed: "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".



## BENEFITS OF LOTTERIES – EVIDENCE FROM THE PAST

- In China, lottery funds were used in defense and in the construction of the Great Wall of China.
- Augustus Caesar is said to have conducted the first known public lottery for a community cause; Lottery funds helped him in the repair work of the city of Rome.
- In 1420, the French city of L'Ecluse used lottery to raise money to strengthen the town's fortifications. Prizes were in the form of goods and commodities.
- In 1465, Belgium conducted lottery and built chapels, maritime structure and almshouses.
- In 1539, a lottery sale was authorized by King Francis I of France to augment the dwindling resources of his treasury.
- The funds collected through a lottery conducted by King James I of England in 1612 was used in establishing the first British Colony in America, namely Jamestown, Virginia.
- In 1665, the **Dutch held a lottery to raise money for the poor in New Amsterdam of USA.** New Amsterdam is now known as New York.
- In early 18th century lottery proceeds were used by John Hancock – first signatory of the Declaration of Independence – to rebuild the historic Faneuil Hall in Boston (The Hall had been built by Peter Faneuil in 1742 and was known as the 'Cradle of Liberty' because of the historic meetings that took place there).
- In 1746, New York organized its first public lottery, the proceeds of which were used in the fortification of the city. A few more lotteries were held in the same year to found the King's College, Columbia.

- **In 1753, the British Museum was established with the help of funds collected through a lottery.**

- The French had won the French and Indian wars. As the citizens had been asked to arm themselves, a lottery was held in New York in 1756 for the purchase of firearms for those who could not afford them. The same year, another lottery was conducted to construct a jail for POWs.

- In 1758, a lottery helped the city of Albany repay its war debts.

- In 1759 Luis XV of France founded Loterie Royale of Military School at the insistence of Giovanni Giacomo Casanova. This helped the state in clearing its debts and it also became the forerunner of Loterie Nationale.

- In 1761 two lotteries were held in New York; one for the construction of a lighthouse in Sandy Hook and another for repairing New York's City Hall.

- In 1776, funds for the colonial army were raised through lotteries.

- In the US, between 1790 and the 1860s, **fifty colleges, three hundred schools and two hundred churches came up through lottery proceeds. Notable among them are the Harvard, Yale, Princeton, Dartmouth, Brown and Columbia Universities.**

- Between 1790 and 1860s, 24 of the 33 states of America built jails, hospitals, orphanages and libraries through lottery funds.

- For the Revolutionary War, Benjamin Franklin bought cannons using lottery proceeds to defend Philadelphia.

- In the beginning of 19th century, various other lotteries were drawn in New York to improve navigation on the Hudson River and to encourage literary pursuits. In New York, the Black River Lottery was held to build a road along this river and another to fund the Union College.

- Lottery funds helped Thailand enter World War I along with the Allies.
- Thomas Jefferson used lotteries to fund public projects.

**- In 1938, the cost of constructing and equipping The Royal Women's Hospital, Queensland was met entirely by Golden Casket Funds.**

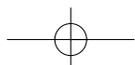
**- In 1968, George Washington organized a lottery for funding the construction of Mountain Road across the Blue Ridge Mountains.**

### **Indian Context**

- In 1813, lottery funds were used in the construction of Town Hall, Calcutta.

- Lottery funds, added to other resources helped in the construction of Moore Market, the Victoria Public Hall, the Ripon Building and the Government Museum Theatre in Chennai.

**- Nearly two hundred years back, a lottery was organized by the King of Travancore for the renovation of the Thaanaaalayan Temple in Sucheendrum.** The order can still be seen in the temple. (Refer Appendix iii)



## TYPES OF LOTTERY GAMES

Though there are a variety of games in the lottery playing countries, they are all but different versions of a few basic ones. Lotto type games require the player to select 4, 5 or 6 numbers from a set of numbers, say between 1 and 60. The game would be known as a 4/60 Lotto, if the player has to choose four numbers. Bingo and Keno are slight variations of this game.

Number or Multi-digit games require the player to choose a number between 00 and 99, 000 and 999 or 0000 and 9999, depending on whether it is a 2D, 3D or 4D game. In multi-digit games, various options of play are available. The prize structure will vary depending on whether the chosen numbers match the winning numbers in the same order or jumbled up, etc. Paper lotteries conducted in Asia, especially in India are of this multi-digit type.

In India, the following passive lottery games form the majority of lottery products. Max3, Lucky 3 are some of the online versions of Digit games in India. Fast Lotto, Super Lotto and Thunderball are some of the online versions of Lotto type games.

### **Passive Lottery:**

In passive lottery, the tickets are pre-printed. The prizes are fixed in advance and do not depend on the sale of tickets. This is also known as Draw lottery and Traditional Lottery. This is the most popular lottery method in Asian countries, especially in India. The Single Digit Lottery, 2D, 3D and 4D games fall under this category.

#### **(i) Single Digit Lottery:**

The most popular and controversial single digit lottery in India is not being operated now as it was banned by the Lotteries (Regulations) Act, 1998. In this lottery, the first prize is given to the player whose ticket number matches the drawn winning number. The subsequent prizes are decided based only on the last digit. For example, if the ticket number is 4576849 and the chosen prize-winning number is 9, then all those who bought tickets that

had 9 as the last digit will win prizes. Thus one out of ten tickets would win a prize, small though the prize amount may be. With such odds of winning and the fact that the draws were held once in thirty minutes made it all the more popular. Beginning at 9 am and ending at 10pm, the single digit lottery used to have 52 draws per day. 91% of the revenue was paid back as prize money and one out of every ten tickets would be a prizewinner. For all these reasons, it was popular among the masses.

### **(ii) Two Digit (or) 2D Game:**

Here again, the first prize would go to the player whose number matches the drawn number. The other prizes would be based on the last two digits of the ticket number. Thus, if the ticket bore 15784, then all those whose tickets had 84 as the last two digits would win some prize amount. Here one in 100 tickets would win a prize.

### **(iii) Three Digit (or) 3D Game:**

In this game, prizes would be based on the last three digits.

#### **Set 3D game:**

In India, some states offer what is known as 'set' or 'same' in local parlance. A set will contain 20, 45, 50, 60 or 100 tickets, all bearing the same numbers. These will be denoted as 5000x60, indicating the prize amount and the number of tickets in the book. All the sixty tickets will bear the same number, 27695, for example. Only the series will differ. The series will be denoted as AB, AC, etc.

#### **Online 3D game:**

This is an online version of a 3D or 3-digit game. The player has to select a number between 000 and 999. There are many options to play the game. In STR or Straight Play, the chosen numbers should match the drawn numbers in the same sequence. In Box or Box Play, the chosen numbers can be in any of the six possible combinations. If the drawn number is 678, the

chosen number in any combination of 678, 687, 876, 867, 768 or 786 gets a prize. In the Back Pair Play, the player has to choose two digits and if the number matches the last two digits of the drawn number, he wins a prize. In Any Pair Play option, the player has to select three digits. If two of his chosen three match the Front Pair, Back Pair or Split Pair in any order, he wins a prize. Prize amounts vary depending on the play option.

Another version of online 3D game has seven options available, namely Straight, Box3, Box6, Front Pair, Back Pair, Split Pair and Any Pair. Box 3 option is applicable when two of the chosen three digits are the same.

#### **(iv) Bumper Draws:**

Bumper Draws are multi-digit, low frequency draws with bigger jackpots. The tickets are also priced high. In India, the cost of tickets could be Rupees 50, 100 or 1000 depending on the jackpots. Bumper Draw lottery sales are planned in such a way that their draws coincide with common festivals like New Year and Diwali, festivals particular to the state - like Baisakhi of Punjab and Ganapati Festival of Maharashtra. They are also held as monthly draws in some states.

In Trinidad & Tobago, they go by the name of Extra Ordinary Draw. In UK, these are known as Superdraws, where the jackpot is more than five million pounds.

#### **Lotto Games:**

##### **(i) Fast Lotto:**

The player has to match five numbers between 1 and 31 with the drawn numbers to win a prize of Rupees Two lakhs. The game has seven draws per week. There are prizes for matching four, three and two numbers.

##### **(ii) Super Lotto:**

This is a 6 / 49 game with a starting jackpot of two crores for the player who matches all the six numbers. Prizes for matching five, four and

three numbers are also given. In the event of no player matching all the six numbers, the jackpot rolls over to the next week.

**(iii) Thunderball:**

The player has to choose five numbers between 1 and 42 and one Thunderball number between 1 and 15. If all the five numbers and the thunderball number matches with the drawn winning numbers, he wins a jackpot of Rupees one crore. The jackpot rolls over when no number wins. Other than the jackpot, there are many prizes for matching of five numbers, matching of thunderball and one, two, three and four numbers and matching of five, four or three numbers without the thunderball number.

The game is played in Azerbaijan as 5+1 Lotto where the player has to match five ordinary and one golden figure. It is played as Powerball in some countries.

In the USA, Powerball is a multi-state Lotto game with a mega jackpot. For each draw, five white balls are chosen from a drum having 53 balls and another red one out of a drum having 42 balls. The draws are held on Wednesdays and Saturdays.

The following are Lotto type multi-state games conducted in the USA.

**(iv) 2by2:**

Players have to choose two red numbers and two white numbers between 1 and 26. The draws are conducted by the Multi-State Lottery Association of the USA. The game has six draws per week. The prizes vary depending on the number of matching balls with the drawn numbers.

**(v) ND Hot Lotto:**

Initiated by North Dakota in 2002, the game just costs \$1 and the jackpot is \$1 million. The player has to choose five numbers between 1 and 39 and a Hot Ball number between 1 and 19. The draws are held on Wednesdays and Saturdays, immediately after Powerball draws.

**(vi) ND Wild Card 2:**

Started by North Dakota in 1998, the game costs \$ 1 for two plays and a player has to play a minimum of two plays. The jackpot is \$100,000. The player has to choose five numbers between 1 and 31 and one out of 16 wild cards.

**(vii) Mega Millions:**

The player has to choose six numbers between 1 and 52. There are nine options of play with differing prize structure.

**Powerball Multimillionaire:**

This is an instant game show with 14 US states as members. Three contestants will be selected by a randomiser and they participate in a game called Crazy Eights.

**Spiel Games:**

Spiel game is a secondary game offered optionally along with a primary game. Spiel games are generally offered along with Lotto type games. Germany was the first country to introduce the game in 1975. Players are given the option to enter the spiel game for an additional wager. Depending on whether the game is online or off-line, the player is assigned a series of numbers by computer, or a pre-printed number on the ticket is activated, making it eligible for the draw. Spiel games are offered in Canada, many European countries, Australia and in some states of the USA.

**Computer Lotteries:**

In India, the passive lottery games are converted into electronic form and offered at retail outlets, so that the players can play them on computer terminals. These are known as computer lotteries. The operators offer part of the scheme as paper lottery and the rest as computer lotteries.

**Joker:**

This is a simple card game where the player has to choose the face cards of Spades, Hearts and Diamonds or Clovers. If it matches the drawn face card, he wins.

**Bingo:**

The present version of Bingo is a direct descendant of the Italian National Lottery, Lo Giuoco del Lotto d'Italia. The first game was held in 1530 and continues to be held at weekly intervals.

In the original version of Lotto, the card had three rows and nine columns. Each row had five numbers and four blanks in a random arrangement. The filled squares had numbers from one to ninety. The caller would draw a numbered token at random, from a bag that contained ninety tokens. The called out number had to be covered by the player if it was on his card. The first player to cover an entire row was the winner.

The game was brought to New York by Ed Lowe. He organized a game with dried beans, a rubber stamp and cardboard. During a particular game, a woman who won, stuttering in excitement, shouted 'Bingo' instead of 'Beano'. And the name stuck.

As the game became popular, a problem arose. A church in Wilkes-Barre of Pennsylvania organized Bingo, by buying a set of Lowe's game, to get itself out of financial troubles. But the game produced quite a large number of winners. So, to play on a large scale, many combinations of numbers were required. On Lowe's request a Maths professor of Columbia University Carl Leffler designed cards where a group of numbers was never repeated.

**Keno:**

Keno's origin is traced to Hun Dynasty of China. It was invented by Cheung Leung and was used to raise funds for the army. Its popularity has remained almost the same, right from inception till date.

The Keno, as invented by the Chinese had 120 Chinese ideograph characters. The characters were chosen from the Thousand Character book written by Confucius and his followers. Then the number of characters was reduced to ninety and remained so for many years. When the first Chinese immigrants brought the game to America, the number of characters was further reduced to eighty and remains the same till date.

As the game became popular and non-Chinese also started playing the same, the characters changed to Arabic numerals from 1 to 80. During the early days of the game numbers were printed on small wooden balls and mixed by hand by the operators. To pick the winning numbers the balls were randomly introduced through a long tube which resembled the neck of a goose – and hence called as keno goose. As the balls were manually stirred, there were chances of foul play. So, presently the numbers are printed on Ping-Pong balls. They are air-stirred mechanically and forced up a transparent Keno goose. Generally the gooses are in two numbers, with a holding capacity of ten balls each. The game is over when twenty balls have been selected.

In Bingo, the operators continue to call out numbers till there is a winner. But in Keno, only twenty numbers are chosen and if no one wins, then the betted money goes to the casino. Despite the casino having a big edge over the game, Keno is one of the most popular games.

### **Scratch Ticket:**

This is also known as Instant Lottery since the scratching of the latex coat reveals the prize amount. The scratchable surface of the ticket is made of latex, which is derived from the sap of Hevea Brasiliensis tree. Various consumer products follow this technique to lure buyers. In 1974, Massachusetts became the first state in the US to introduce scratch ticket lottery. It was developed by Scientific Games, a gaming solution provider in 1973. It is a pioneering company and still commands a major share of paper and online scratch games in the US. For the Massachusetts Lottery, Scientific Games printed 25 million tickets for the introductory game. They were printed using sheet-fed method of printing.

In 1978, Lottery Romande of Switzerland was the first to introduce scratch tickets in Europe. In 1999, it became the first country in Europe to introduce the online version, Tactilo Electronic Lottery by reproducing the scratch tickets electronically.

There are many variations to the instant lotteries. Some are based on the signs of the zodiac. A player has to scratch five stars. If two of the stars reveal the same sign, he has to scratch the Win Box to see the prize amount. In Belgium's Cabrio, a player has a 'Bonus' scratch area, if he does not win in the main scratch portion. Some countries have introduced Versions of Bingo into their scratch tickets. The ticket has two parts. One part contains pictures of balls that are to be scratched. This reveals eighteen numbers, which are to be compared with the numbers on the other part containing the Bingo numbers. The matching numbers are to be marked on the Bingo card. The prize varies depending on the pattern formed or the number of matches. Each country has many scratch games, with varying prize amounts. For example, Belgium has sixteen scratch games and Switzerland offers fourteen such ones.

### **Probability Games:**

Similar to Scratch Games, this game's tickets have a number of covered spots. In Probability Games, every ticket is a potential winner, but the player has to scratch the correct areas to win.

### **Pull-Tab Games:**

Pull-Tab games are instant varieties and the tickets are 2-ply laminated tickets. The front of the ticket has standard details such as name of the game, cost of ticket, odds of winning and prize structure. The three or five perforated windows at the back of the ticket conceal the prize amount or winning symbols. The tab has to be broken open to check the nature of prize. These are also known as 'pickles' and 'break-opens'.

### **Betting Games:**

Betting Games are games of chance where a player has to bet on the outcome of races such as horse races, hound races, etc. In India, there are

no lotteries based on horse races. But a few corporate establishments like Shapoorji and Pallonji are seeking government approval for the same.

### **Sports Lotteries:**

Sports Lotteries are similar to Betting Games, the difference being the betting that is done on the outcome of sports matches. Football, Tennis and Cricket are some of the popular games where heavy betting is involved. In India, there were cases of fixing of matches so that the betting operators could pocket a lot of money. In India there are no lotteries based on sports matches.

### **Online Games:**

Lotto type and number games can also be played on inter-linked computers. These are known as online lotteries and discussed in detail in the following chapter.

### **Customised Games:**

Some gaming providers design and offer regional games based on local customs and preferences. For example, in Sweden and Mexico, lottery enthusiasts forecast the result of up to 35 sports matches over a multi-day period.

### **Televised Games:**

Interactive televised video games mix the play action of traditional games with the fun of a TV game show. Players buy tickets from online operators and participate in the game, when it is telecast on TV.

### **Video Lottery:**

Many fast games can be installed within a single machine. Wagers can be made, using coins or bills. The games are animated. The games simulated include poker and blackjack.

## **Casino Games:**

Casino Games are games played in casinos. Though only Keno was common in passive lotteries and casino games, some casino games have been adapted for online games. The popular casino games that are offered as online games are Baccarat, Blackjack, Craps, Roulette, Keno, Slot machines, Video Poker, Caribbean Stud Poker, Let It Ride, Horse Racing and Pai Gow Poker. Of these, Baccarat, Blackjack, Craps, Roulette and Slot machines have a big potential in India and some of the online lottery operators have proposed the introduction of the same.

### **(i) Baccarat:**

The game was invented in Italy. Baccarat became very popular in France and throughout Europe. It continues to be a major attraction in casinos in Europe. The popular European version of the game is known as chemin de fer and another version goes by the name of baccarat en banque. Baccarat is the French equivalent of Italian baccara, which means zero; because in baccarat 10 and all the face cards have a value of zero. Irrespective of the number of players only two hands, namely, the player hand and the banker hand are dealt. Players place a bet on the hand that they feel will get a score closest to nine. Other than the 10 and face cards that count as zero, ace has a value of one and the other cards take their face value.

Two cards each are dealt face down to the player hand and banker hand. The dealer reveals the player hand first and then the banker hand. If a card 9 comes up, then it is called a 'natural' and the game ends with the hand that got the 'natural' winning. If the first card is 8 also, the game ends since it can be beaten only by a natural 9. If the two cards together value more than 9, only the last digit is taken into consideration. For example, though a hand that gets 9 and 4 has a value of 13, it is taken as 3. If the first two cards do not determine the game, a third card is dealt. Baccarat generally does not require more than three cards for ending a game.

**(ii) Blackjack:**

Blackjack or Twenty-one became popular two decades back, after the publication of *Beat the Dealer* written by Edward Thorp. The book detailed strategies to win the game, which were based on the data mathematicians had worked out on computers.

Blackjack can be played with a deck of fifty-two cards, known as a Single-Deck Game or with more than one deck, known as Multiple-Deck Game. In the game, the face cards have a value of ten and the other cards have their face value. Ace has two values - namely 11 and 1, which is a player's choice.

The game has a dealer and one to seven players. The dealer represents the casino and deals the cards. After all the players place their bets, the dealer deals two cards each to all the players, face down. He deals himself one card face down and the second one face up. If the dealer or player gets an ace and a ten-value card, he has a total of 21 or a blackjack and is a sure winner and wins at 3-2. A player who has a total of, say 14 can go for a 'hit' which means getting another card. If with the third card, his total is over 21, he 'busts' or loses. A player who has a total of 17 or 18 may decide to 'stand' and not take an additional card. Even when it is not 21, if the player's total is less than the dealer's, the player loses. For example, a player with a card value of 17 or 18 loses if the dealer cards add up to 20.

In Multiple Decks, two, four and sometimes six decks are used. The rules of the game vary from place to place.

**(iii) Craps:**

Craps is the fastest and most exciting game. Unlike in Blackjack where a player has no option but to play against the dealer or the casino, in Craps, players can bet with or against the dice. When players bet with the 'shooter', it is known as 'right betting' and against the shooter is known as 'wrong betting'. There are many betting methods in Craps, like Pass Line / Don't Pass Bet, Come / Don't Come Bet, Buy Bet, Lay Bet, etc. If a shooter

places a Pass Line Bet and rolls a natural 7 or 11 on the first roll, he and those who made the Pass Line Bet win. If a 2, 3 or 12 turns up, the shooter and all the betters stand to lose. If any other number turns up, it is set as a 'point number'. Then the game proceeds depending on the type of bet placed by the players.

The dice used in these games - known as Casino Dice - are different from the usual ones. The Casino dice are bigger, measuring an inch or three-fourth of an inch. They are red and made of hard transparent plastic. It is transparent to prevent the dice being loaded. And as safety measure, they are imprinted with a code number.

#### **(iv) Roulette:**

The game is of French origin, 'roulette' meaning a small wheel. The Romans who liked to try new forms of entertainment, gambled using chariot wheels turned sideways. Roulette game is an invention of 17th century French mathematician Pascal. The game entered England in 1820 and from there went to America. A popular game in Europe, it has not changed much in the three hundred years it has been played.

The roulette wheel is divided into a number of sections - 37 in the European wheel and 38 in the American version. The sections are numbered from 1 to 36, and being red and black in colour in equal numbers. The remaining sections are green and marked with a 0 in the European wheel and 00 in the 38th section of the American wheel. Each section has a wall where the ball comes to rest after the wheel is spun.

Players bet against the dealer. They can bet on a number, a group of numbers or colour. After each player places his bet, the wheel is turned and a ball is tossed. When the ball comes to rest on the winning number, the dealer pays or collects from each player, depending on the bet they made. The bets continue to be placed before each spin.

#### **(v) Slot Machines:**

Slot machines have been in existence since the 1890s when a San Francisco machinist Charles Fey invented one. At that time they were placed

in bars where the customers would win free drinks if they lined up the correct symbols. The symbols included hearts, diamonds, clovers and spades of the playing cards, bells, horseshoes and stars. In the earlier machines, a person won one nickel if he could line up two horseshoes and ten nickels for lining up three bells. Hence the machines came to be called as Liberty Bells.

The present day machines have three reels with various symbols and at least one jackpot symbol on each reel. The player has to click the coins in and spin the machine. He wins if the symbols lining up after the spin match any of the combinations shown in the payoff scale. To collect the credits on winning, one has to press the 'cash out' button.

Since the machine was automated in collecting and paying coins, it became popular and a Herbert Stephen Mills started introducing improvised versions of the slot machines. The Mills machines had long handles that were easy to operate. In the 1930s, when operating a slot machine was illegal, a judge, during a trial referred to the machine as a 'one-armed bandit'. The reason was that the casino operators had a huge advantage over the players and made millions - and the name has stuck.

### **GAMES PLAYED IN 17th CENTURY EUROPE:**

#### **(i) *Loto Dauphin:***

The game has 8 to 12 boards bearing 90 numbers. Each board has a dauphin, twenty counters and twenty discs divided into four colours. A player can take one or more boards. A player places the counters over the numbers that he has chosen. Then he places the dauphin with a coloured disc, indicating his favoured number. If the drawn number matches the numbers chosen by the player he wins.

#### **(ii) *Loto des monuments de Paris:***

The game used lithographed cards with water colour drawings of Paris monuments. Columns on the card have numbers and the numbers called out had to be masked by small transparent counters, similar to Bingo.

**(iii) Biribi:**

A card has 70 numbered squares and an equal number of parchments rolled up and kept inside small olives. A helmet was used to cover the bag containing the olives. The player places his stake on a number. An olive drawn out of the bag indicates the drawn number. If it matches the number chosen by the player, he wins a prize that is 64 times the stake.

**(iv) Cavagnole:**

This game is similar to Biribi, but the player is given a card containing five or nine numbered squares.

**(v) Bar Lottery:**

These games were played in bars and cafes on a wheel. The wheel was fixed on a cast-iron base. The games were hand-painted, depicting various themes like rural scenes and mythological subjects.

**(vi) bagatelle, kakelorum and tivoli:**

A small ball or object will roll down a slope in these games and come to rest on a numbered box. These seem to be the fore-runners of pinball machines.

**TYPES OF BETS:****(i) Single Bet:**

When a player buys a single draw lottery ticket or participates in a single draw of online game, it is a single bet game.

**(ii) Multiple Bets:**

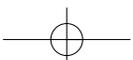
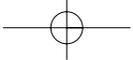
A player can buy multiple entries at one go. For Example, placing of more than one lotto bet or buying a pack of scratch tickets.

**(iii) Subscription:**

A player opens an account with the lottery operator. The operator enters the numbers chosen for the games specified by the player. This participation is periodical till the subscription expires.

**(iv) Group Bets:**

This is also known as Syndicate or Pool betting. A number of players pool their money together to play more number of games, thus increasing their chances of winning. In case of a win, the prize amount is shared among the syndicate members.



## ONLINE LOTTERIES

Global online games have been in operation for nearly twenty-five years and are highly successful businesses. After the introduction of online lotteries, the player participation has gone up in the US, where 90% of the adult population has taken to the game. In US, the single largest market for these games, online lotteries have created 15000 millionaires. In United Kingdom, online games were introduced in 1997 with 10,000 outlets. Now the country has more than 36000 outlets, ensuring a player participation of more than 60%. In addition to the developed countries, online lotteries are in operation in many of the developing countries like India, Brazil and Philippines. Global online market is estimated at 125 billion dollars or 6000 billion rupees and is expected to grow by 10%.

Online lotteries made an advent in India in March 2002. Sikkim takes the credit for being the first state to have set the path when the Chief Minister Mr. Pawan Kumar Chamling decided on starting the same. Essel Group's Playwin was the first online gaming company to start its operation in India when it introduced Super Lotto on behalf of the Sikkim government. The first Super Lotto game sold 1.8 million tickets. After the draw, there was no jackpot winner and it rolled over. Then in May, Bimal Kumar Gajmar won Rs. 8.61 crore with a net prize amount of Rs. 7.75 crore after tax deductions. Online lotteries continue to be operated in Sikkim. Karnataka was the second state to start online lotteries. Presently, the governments of Maharashtra, Sikkim, Nagaland and Arunachal Pradesh have online lotteries. These states also allow sale of paper lotteries online. Besides these states Punjab and Meghalaya also allow sale of paper lotteries online.

In many countries, players have moved on to online lottery. In India too, the online lottery is expected to overtake paper lottery in about three year's time. In paper lotteries, the tickets with the numbers are pre-printed and sold in kiosks, near bus termini, railway stations and other public places. The results of the draw are published in local vernacular dailies. To play lotteries online, the player has to visit one of the online lottery outlets. On registration, a user name and password are given. The player collects a

playslip and the chosen numbers are to be struck out. There is also a 'Lucky Pick' option available, where the computer selects the numbers for the player. The computers in the lottery outlets are known as Point of Sale or POS terminals. The POS terminals across the country are connected to a central or main server in a centrally located metro. As soon as a player selects the number, it is transmitted via VSAT (Very Small Aperture Terminal), CDMA (Code Division Multiple Access), Wi-Fi (Wireless Fidelity), Internet or GPRS (General Packet Radio Service) satellite or radio to the main server and it is stored with the date and time of purchasing the ticket, date of draw and terminal identification. The main server locks the number so that no other player chooses the same number. When the playslip is handed over to the dealer, he passes it through a terminal and a security-protected thermal slip is printed immediately. The printed ticket also contains all the details such as date of purchase, etc.

Unlike in paper lottery, online lottery tickets can be sold till the last minute prior to the time of draw. Other advantages include, speed of play and live televised draw which lend transparency to the game. The draws are conducted on imported fully automated machines. The draws are shown live on TV. The results are published in newspapers and can also be viewed at the online retail outlets. Unlike in paper lottery, the prize money rolls over if no player picks up the combination of prize-winning numbers. But the rest, like the procedure and period of claiming the prize amount, etc. are the same as in paper lottery.

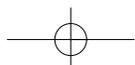
To enable players to play from anywhere and not necessarily the retail outlets, all the online operators have introduced smart card options. On purchase of a credit card, a player is given a 12-digit account number and a four-digit password. When a player wishes to play over phone, he has to call the given number from any phone other than a coin-operated Public Call office. He gives the 12 digit account number and then the password, following the instructions as given by the lottery operator. Then he gives three, five or six numbers he chooses depending on the game he wishes to play. A ticket is printed and kept at the centre for future reference. The player has to show his card to claim prizes. In the same manner the games can be played by sending all the numbers, namely the account number, password and chosen numbers, using the SMS facility.

### Indian Companies in Online Lotteries:

As the state governments that introduced online lotteries mentioned tie-up with a foreign company as one of the tender conditions, many of the companies were forced to seek technical inputs from international companies. The Indian corporate establishments entered into agreements with global companies like G.Tech, Intralot, ILTS, Olivetti, etc and brought their technology in software and hardware.

Being one of the oldest lottery companies in India, Sugal & Damani has consolidated its resources and initiated the development of an in-house lottery system, namely Complott. By selling lotteries through computer terminals with indigenous technology in terms of software and hardware, the company has many advantages like low operating cost, better control and efficiency. It has installed 18,000 terminals in Maharashtra and Punjab. The technology has been developed in-house keeping in mind the needs of local players. **The integrated lottery system developed by Sugal & Damani is comparable to the most advanced and flexible systems available in the world distinguished for their high quality, reliability, adaptability, expansibility and secure operation. It is the first Indian company to have used CDMA technology for data connectivity. It also becomes the first Indian company to bid for operating the national Lotteries of UK.**

Apollo International, Essar Group's Fortune Lottery, Martin Lottery Group's Inlott Technologies and Smartwin, Videocon Group's Dhoot Entertainment, Essel Group's Playwin Lottery, Forbes Group's Lottery Division DhanDhanaDhan, Sixo and K.K. Modi Group's Sunshine India Lottery are some of the corporate online lottery operators in India.



## OTHER PURPOSE LOTTERIES

### Charity Lotteries

Other than the regular lotteries conducted as games of entertainment, various charity lotteries are also being operated. Though the revenue from the former too fund community projects, the latter are conducted exclusively for the purpose of charitable works.

Myton's lottery was established in 1996 to raise money to run the Myton Hamlet Hospice at Warwickshire, which cares for patients with terminal illness. Globelot is a charity lottery run jointly by four charity organisations. Globelot supports Human Rights Watch, International Federation of Red Cross and Red Crescent Societies, World Wide Fund for Nature and CARE International. Kanu Heart Foundation of Nigeria conducts its own charity lotteries to fund open-heart surgeries for children. So far 68 children have benefited out of this program.

Netherlands conducts three charity lotteries namely, National Postcode Loterij, Sponsor Loterij and Bank Giro Loterij. The National Postcode Loterij, licensed by the Ministry of Justice, is a charity lottery for society and environment. It funds programs of Amnesty International, United Nations High Commissioner for Refugees (UNHCR), The Dutch Society for Nature and Environment, the Dutch Red Cross, World Wide Fund for Nature and Stichting DOEN. It has contributed Euro 1.2 billion towards these projects. The Sponsor Loterij was set up to fund sports, culture and welfare projects. So far this lottery has contributed Euro 70 million. The Bank Giro Loterij was the first charity lottery of Netherlands. It has contributed Euro 79 million to the Heart Foundation, Anti-Cancer Organisation, Aids Fund and Prince Bernhard Culture Fund.

Rehab Lotteries of Ireland raises funds for the Rehab Group, which gives care, training and employment for disabled people.

The Old Oppos Charity lottery of United Kingdom is registered with the Gaming Board for Great Britain. It funds 'SSAFA Forces Help', setup to

look after the welfare of ex-service personnel and their families. The Army Benevolent Fund runs a lottery that funds various associations of service personnel like the Royal Naval Benevolent Trust and Ex-POW Association.

Sir Michael Sobell House is a hospice at Oxford, started in 1974. Sobell House launched its Sobell Lottery in 1999 to augment funds for running the hospice and create public awareness about its activities.

**'Deafchild India' was launched in Tamil Nadu in 2000 and is being operated with funding from National Lottery Charities Board of UK.**

In India too various charity lotteries were in operation in West Bengal (for purposes of charity) and Kerala (for church projects). **In the 1980s, Sugal & Damani, one of the oldest lottery operators in the country organised a lottery to provide seed money for the construction of Medici College and Hospital at Hyderabad. They also conducted lotteries for Cancer Institute in Chennai and Bharatiya Vidya Bhavan in Hyderabad.** The auditorium in Bharatiya Vidya Bhavan was constructed with the lottery funds.

There are numerous other charity lotteries being operated in many countries.

### **Green Card Lottery**

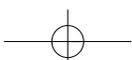
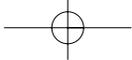
Green Card Lottery is a low-odds work permit raffle conducted by the US. The US introduced a Visa Lottery Program also known as Diversity Visa or Green Card Lottery in 1990. It enables non-US citizens to get a work permit and permanent residence. The Kentucky Consular Center computer selects numbers at random. The US Department of State selects over 90,000 winners through this lottery, but only the first 50,000 to respond are given the visas. Countries like Canada, India, Mexico, Phillipines, etc. are not eligible to participate in the Green Card Lottery program.

## Heritage Lotteries

Many Heritage Lotteries are conducted so that the revenue from them could fund heritage conservation projects.

Tweed River Heritage Project is a 4 million pound project with funding from the Heritage Lotteries Board, UK. It aims to promote the natural and cultural heritage of the Tweed River System.

The Heritage Lottery Fund (HLF), UK enables communities to preserve and learn more about their heritage. HLF has awarded 7 million pounds to the Royal Observatory of Greenwich towards its preservation. It has helped the St. George's Market in Belfast to be renovated. It is the only surviving original market built in the 1890s. In 2005, it awarded £ 50,000 to the Garden Butterfly Count Project, which has had a tremendous response from the public.



## DRAW OF LOTTERIES

Choosing the winning numbers in a random manner is known as the draw.

Though the concept of choosing the numbers is common, the methods vary slightly from country to country. In India, revolving drums are used. In Azerbaijan, numeric casks from 1 to 90 are used for the draw. These casks are kept in a special sack and then taken one by one, depending upon the type of game. For example, 41 casks are chosen for a Bingo game. For some games a lottery machine known as Lottotrone is used.

In India, the following three methods are commonly used .

### **Mechanical Draw:**

In the hall where the draw is held, a rectangular machine is kept in a conspicuous place. The machine has six revolving circular discs. Each disc bears the numbers 0 to 9. The discs are operated by gear-free wheel and chain arrangement attached to a pedal. The discs can be operated and stopped by operating the pedal. Sometimes the machine is fitted with a motor and is operated with the help of a switch. The machine is operated after the judges give their consent. When the discs stop rotating, a number in each disc can be seen through a small opening in the frame of the machine. The number appearing through these openings are noted down, starting from the left. The sequence of the six numbers forms the prize-winning number. The winning numbers are recorded in a register by the chairman of the Draw Committee. For second and third prizes too the numbers are selected by following the same procedure. As the subsequent prizes are decided only on the basis of the last five digits, four digits, etc., only the required number of circular discs are used to choose the numbers. For example, for a prize that is decided on the last four digits, the two circular discs in the left are covered. After completion of the draw and after the prize-winning numbers have been recorded, all the committee members sign the register.

### **Manual Method:**

Six drums or required number of drums are kept at the draw location. The drums have the identification labels from I, II to VI with the figures they represent, namely, lakhs, ten thousands, thousands, hundreds, tens and units printed clearly on them. Each drum consists of 10 chips or discs bearing numbers 0 to 9. A separate drum is kept for the series, which is given by an alphabetical notation, since the tickets bear a number like KA 367289 as explained in the chapter on Indian Lotteries. Each chip or disc is covered by a plastic bag in the presence of the judges. After getting the consent of judges, a bell is rung and all the drums are rotated. Again after approval of the judges, a ring of the ball signals the stopping of drums. From each drum a chip or disc is taken one at a time. The discs are shown one at a time, to the judges, to reveal the number. The numbers are written on a board in the order of sequence in which they were taken. To select the series, the seventh drum is operated. The final six-digit number along with the series is the prize-winning number. The order in which the discs are taken is from I to VI, that is, starting from lakhs and then proceeding in the descending order and ending in units. For prizes awarded on the last five digits, only those drums that relate to those digits are rotated, i.e., those numbered from II to VI. Similarly, for prizes that are decided on the last three or four digits, only the corresponding drums are operated. After all the numbers have been chosen and recorded in the register, the committee members sign the register.

### **Manual Method using Slips:**

This method is generally used by those who operate charity lotteries. In this method, slips with numbers printed on them are kept in a drum or a container. The number of slips correspond to the number of lottery tickets sold. The required number of slips are taken out after shuffling the contents of the container.

Presently draw machines using balls are also being used to choose the prize-winning numbers. This method as explained below is also used by many countries including the USA. As the number of draws keep increasing, many countries have started using automated draw machines.

**Ballset Method:**

For the game, three draw machines and six sets of balls are used. Only two machines are selected for the draw using a random number program. For the Lotto game, the machines are designated as Super Lotto Plus Draw Machine and Mega Draw Machine. Three sets of white balls are used for the Super Lotto Plus draw, and three sets of purple balls for the Mega draw. The balls too are kept in a box sealed with a numbered metal seal. This number is also recorded when the seal is broken. In case of failure of the machine or the balls, the third machine and set of balls are put into operation. The machines and balls are tested before the actual draw and the results are recorded. These results are then analysed by a statistician who certifies the statistical randomness of the numbers.

After the testing of the machines, they are ready for the official draw. It is ensured that the pools have closed after the designated time. The machine has a rotating drum with contra rotating arms inside. A set of balls with numbers printed on them is dropped into the drum when it is rotating. A mechanism extracts a specified number of balls one at a time, depending on the game for which the draw is held.

**Automated Draw:**

This method is being used for games like Fantasy 5, Daily Derby TM and Daily3 Draws. Automated Draw was introduced in 1998. Automated Draws were started since there was an increase in the number of games and everyone needed a faster and more efficient and maintenance-free method.

The ADMs or Automated Draw Machines are stand-alone computers. Two machines and three methods are used for the draws. A random number program is run to determine the machine and the method to be used. The computer's hard drive has a numbered security seal and the software that generates the random numbers cannot be altered because it is 'implanted' permanently. A third machine is kept as a backup in case of failure of one of the machines.

### **Manual Method in the the USA:**

This is a manual method. The Fantasy 5 entry form coupon mails are delivered by the U.S. A Post Office in trays and racks at the Lottery office. A tray contains 1200 envelopes approximately and each rack has 36 trays. A number is assigned to each tray.

A designated drawer, a non-employee of the lottery, keeps numbered opaque capsules that correspond to the numbers on trays, in a drum. Then he selects a capsule from the drum. By the same method, a number of capsules, depending on the number of winners to be selected are drawn. Each tray corresponding to the chosen number is brought one by one. The designated drawer chooses an envelope using a ruler, without looking. The process is repeated till all the winners are selected. All the other envelopes are destroyed.

The date and time of draw are indicated on the tickets. If for any unavoidable reason the date of draw needs to be postponed, the government has the right to do so. But it needs to publicise the postponement and the revised date of draw.

In all the countries the draws are open to the public. Many of these draws are also shown live on TV. Various security measures are adapted in the draw and related equipments to prevent tampering. These will be discussed in the chapter on player protection and security measures.

## THE WORKING OF INDIAN LOTTERIES

Lottery market in India is presently estimated at Rs. 20,000 crore. With only ten of the total 28 states and 7 Union Territories running lotteries, the market has a bigger potential. The Eastern states namely Arunachal Pradesh, Manipur, Mizoram, Nagaland and Sikkim rely more on lotteries for revenue since these states do not have other substantial resources to generate money. West Bengal, Kerala, Punjab, Karnataka and Maharashtra are the other states operating lotteries.

### **Lotteries run by Colonial Rulers:**

Indian lotteries too have a history that goes back to nearly three hundred years. In Goa, lottery was introduced during the Portuguese rule and in Calcutta during the British rule. In Madras - the state of Tamil Nadu as it is known now - lottery draws were conducted in the 1700s. First mention of a state lottery appears in records of 1781, during the first year of Lord MaCartney's government. In an official despatch to London, dated 26th January 1782, he wrote 'the carnatic overrun by HyderAli's troops, the Madras population famished and the treasury empty'. He wrote that the council members had been executing their duties without receiving emoluments from the government. As bills on England were forbidden, MaCartney tried a local loan application to Bengal and a lottery. Though his attempt to replenish the treasury through lotteries failed, it marked the beginning of a revenue generating entertainment that was to become popular.

The documents of a free merchant Peter Massey Cassin reveal that he proposed the setting up of an Exchange in Fort St. George, the expenses to be met by a lottery. In his correspondence to the government, dated 29 June, 1787, he suggested 'a place to transact business, to meet and determine disputes and differences'. His plan met with government approval. As the Chief Engineer Colonel Ross found the site suggested by Cassin unsuitable, Cassin suggested purchase of the property owned by one Mr. Robert Hughes. In his letter he noted 'as the purchase of private property enhances the expense of the building, I have taken the liberty to propose..... an Augmentation of the Lottery Fund; that the money be

deposited in the Hon'ble Company's Treasury, to remain there without any interest till after the drawing of the lottery and then to be applied to the discharge of the prizes agreeable to the accompanying Memorandum'.

His suggestion was to divide 100,000 pagodas into 10,000 shares of tickets at 10 pagodas each. The first prize was 5,000 pagodas, two numbers of second prizes of 2500 pagodas each, five numbers of third prizes of 1,000 pagodas each, ten numbers of fourth prizes of 500 pagodas, twenty numbers of fifth prizes of 250 pagodas, fifty numbers of sixth prizes of 100 pagodas, hundred numbers of seventh prizes of fifty pagodas and 3212 eighth prizes of twenty pagodas each. The government received a profit of 10,000 pagodas - the amount having been used to buy Mr. Hughes' house, where Fort Museum functions today.

Memorandum

Prize	No	Amount	Total
I	1	5,000	5,000
II	2	2,500	5,000
III	5	1,000	5,000
IV	10	500	5,000
V	20	250	5,000
VI	50	100	5,000
VII	100	50	5,000
VIII	3212	20	64,240

First drawn Ticket	500
Last drawn Ticket	260
	-----
3,400 prizes amounting to star pagodas	100,000
6,600 blanks	
	-----
10,000 tickets	

N.B. Not two Blanks to a prize and the lowest prize is equal to the price of two tickets.

[ The Memorandum has been reproduced as it appears in Vestiges of Old Madras - Volume III ]

**In March 1791, a 'Native Inhabitants' Madras Lottery Fund' of 50,000 pagodas was held and the profits were devoted to the Male Asylum and for the relief of the poor, lame and blind natives of Madras.**

**In December 1791, another 50,000 pagodas lottery was held, the profits being devoted to 'the repair of such roads ..... as do not come under the care of the government'.**

**In 1795 and 1796, a reform and repair of Mount Road was undertaken. The profits of the annual lotteries were devoted to this project, Male Asylum and other works of public utility. A causeway across the river situated at the present Commander - in- Chief's Bridge was one of these works.**

**In 1796 more than hundred Christian residents of Black Town represented the need for a church in the locality. One sixth of the expenditure on its construction was met by the Asylum Lottery.**

**In 1799, the Committee of the Asylum and Road Lotteries gave a statement of the Produce of the Asylum and Road Lotteries- for the period between August 1795 and November 1799- seeking permission to continue with the operations. The statement reads as follows:**

<b>To amount paid for construction of causeway</b>	<b>2917-....,...</b>
<b>To amount paid for construction of bridge near the burying ground</b>	<b>2806-21-56</b>
<b>To amount paid for construction of a Protestant Church in Black Town</b>	<b>1500-....,...</b>
<b>To amount paid towards the aid of the Mother Country</b>	<b>5000-....,...</b>
<b>To amount paid towards the Military Male Asylum</b>	<b>6000-....,...</b>
<b>To amount paid towards repairs of the roads in the vicinity of Madras from 21st Sept'96 to 24th Nov. '99</b>	<b>12170-....,...</b>
<b>To balance</b>	<b>1209-10-76</b>
	-----
<b>Pagodas</b>	<b>31602-32-52</b>
	-----

From the diaries of Matthew Campbell, an Artillery Lieutenant, one learns about the bets he made with his friends at various points of time between 1823 and 1828. The reasons for the bets were simple ones like he would go back to England in five years, that a Lieutenant Pritchard will pass through Bangalore, etc. But in all these, the bet was a Lottery Ticket - indicating the prevalence and popularity of lotteries then. Lottery proceeds were used for the cause of charitable works. The Male Asylum Press where the diaries of Falconer and Campbell were printed was one of the beneficiaries. Sir Charles Edward Trevelyan, governor of Madras in the 1850s mentioned in one of his letters, the usefulness of state-run lotteries for financing public utilities. Thus, in Madras, lottery proceeds were used partially to construct the famous Moore Market ( which was later destroyed by a fire mishap ), the Victoria Public Hall, the Ripon Building and the Government Museum Theatre.

Other than the lotteries operated by the committee, various public institutions were granted permission to conduct lotteries to collect funds for their projects. One of them was the Lottery-Raffle in aid of St. Joseph's Orphanage (Boys), Chinglepet District. The raffle had been running from 1920 in aid of the institution. The first ten prizes included a motor car worth

Rs. 2000, a diamond ring worth Rs. 500 and so on up to an article worth Rs. 20. Besides these ten prizes, 990 other prizes with values ranging from Rupees Ten to Rupees Two were offered. The winners were given the option of collecting cash in lieu of the prizes.

The government however granted permission to run private lotteries only for worthy causes. One Dr. Krishna Reddi had bought land in Cuddappah district. When he was prevented from selling the same due to family feuds, he sought permission to dispose of the land through a lottery by dividing it into plots. The government refused sanction.

### **Lottery for Temple Renovation:**

Tamil Nadu also has in its history, the operation of lotteries for religious purposes. Thanumalayan Temple in Suchendram was overrun with weeds and the King of Travancore Sri Ayilyam Thirunal decided to renovate it. The renovation work started in 1875 and soon there was a financial crunch. The remaining works were estimated at Rupees 70,000. When the king called his counsel, Vaikom's Brahma Sree Paachu Moothathu gave the idea of a lottery draw to raise the funds. Following his advice, the king gave the order for printing of lottery tickets. At a time when gold was priced at three rupees a sovereign, the tickets were priced at one rupee each. The scheme became quite popular and brought in Rs. 40,000. The shortfall was met by the government and the renovation work was completed. The lottery revenue would have been sufficient to buy 13350 sovereigns. With the present bullion rate of Rs. 6,700 per sovereign, the amount collected through lottery for the temple would have been equivalent to Rs. 89,445,000.

### **Lotteries in Decision-Making:**

Other than collection of funds for worthy causes, lottery draws are also used in decision-making processes. While electing representatives for public offices, especially in local governing bodies like Panchayat and Municipal elections, when the contestants get an equal number of votes, draw of lots is a recourse to elect one person. The allotment of flats in Shree

Shantadurga Devi Temple's Agarshala (guest house) of Goa is also by lots - especially during Jatra Utsav and Magh Panchami when there are too many applicants. In February 2004, Madhya Pradesh government withdrew the system of allocating liquor sale outlets through auction. Instead it introduced a method of lottery draws to subvert the liquor mafia.

### **Lotteries after Independence:**

After independence, Kerala became the first state to introduce a State Lottery, though private lotteries were in operation. Kerala was followed by other states and each state had its own reason for establishing lottery. Some states started lotteries to augment their financial resources, some to curb illegal gambling like satta and matka and some to collect money for welfare measures. In the early seventies, the state government of Tamil Nadu conducted Blind Relief Fund Lottery and Beggar Relief Fund Lottery. It also conducted a Defence Fund Lottery in the aftermath of the Indo-Pakistan War. The government of Rajasthan too conducted lotteries to fund the social projects undertaken by Bhagwan Mahaveer Viklang Sahayata Samiti. Irrespective of the reason with which they were started the lotteries became quite popular. In India, lottery is a state-run operation under the Directorate of Lottery, which falls normally under the Department of Ministry of Finance.

### **WORKING OF A LOTTERY:**

The working of a paper lottery involves designing of tickets, placing printing orders, supply of paper to printing press, receipt of tickets, sale of tickets, conducting the draw, publishing results, receiving winning tickets, sending prize winning tickets to printing press for verification, payment of prize money, closure of draw account after the prescribed period, pulping of unsold tickets, depositing unclaimed prizes in government treasury and reconciliation of accounts.

In India lotteries fall under three categories.

- (i) Lotteries operated by the Central Government - presently there are no lotteries run by the Central Government.

(ii) Lotteries organised by State Governments.

(iii) Private Lotteries authorised by the State / Central Government.

The first two categories fall under Entry 40 of the Union List of the Constitution of India. Private lotteries fall under Entry 34 of the State List. Various charitable and medical lotteries fall under the third category. The lotteries that are not authorised by the state are an offence since 1870 under section 294(a) of the Indian Penal Code.

In the R.M.D.C case, the Supreme Court refused to accord the status of trade to lotteries under Article 19(1)(g) and hence lotteries form a special type of an economic activity.

**(i) Government Rules:**

For lottery as a game, the central as well as state governments have stipulated rules. Till 1998 there were no laws in respect of State Lotteries and the states used to run them after obtaining Presidential Orders under Article 258(1). The Supreme Court in H. Anraj vs. State of Maharashtra ruled that when Parliament has not made any law on State Lotteries there was no need for the states to seek permission. In April 1994, the Supreme Court prescribed specifications for organising state lotteries, some of which mentioned below were being practiced by most of the state governments.

- (a) The imprint and logo of the respective state government should be printed on the ticket.
- (b) The government must sell the tickets, though it can do so by appointing a Sole Distributor / Sole Selling Agent or several of them.
- (c) The proceeds from the sale of tickets should go to the government funds.
- (d) The draws must be conducted by the state.
- (e) Unclaimed prize money should go back to the government funds.

These provisions have been incorporated in the Lottery's Regulation Act of 1998 whose constitutional validity has also been upheld by the Supreme Court.

**(ii) Lottery Distributorship:**

The state governments have laid down conditions for becoming distributors / agents which vary from one state to the other. These include age limit, place of residence, ability to lift a minimum number of specified tickets, etc. The agents are eligible for a commission on the face value of the ticket, the percentage varying from state to state between 5% and 40%. So when the agent purchases the tickets from the treasury, he pays an amount after deducting his commissions. The agent is also eligible for a bonus of a certain percentage of the prize amount, if a ticket sold by him wins.

**(iii) Printing of Tickets:**

The printing of tickets is entrusted to an individual or a company by floating tenders. Printing includes designing of tickets and delivery. Those who bid for printing of lottery tickets should be listed among the security printers. The bids are in two parts namely financial and technical bids. Technical bids require the bidder to furnish details about the nature of the company like hierarchy, staff strength, etc. and details about his printing press like printing capacity, etc. A team from the Directorate of State Lotteries inspects the security press to verify the security aspects. While printing, many security measures are taken to avoid tampering and duplication of lottery tickets. Part of the agreement with the government requires the printer to insure the tickets. After the tickets are delivered, spare, waste and defective sheets are destroyed by a method approved by the government and in the presence of representatives from the Directorate.

**(iv) Prize Structure:**

The tickets are generally issued in a distinct series and a six-digit number. The series is denoted by alphabetical notation. The numbering is from 000000 to 999999, thus totalling to 10 lakh of tickets per series.

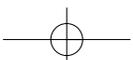
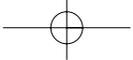
The prize winners are chosen following any of the draw procedures. Unsold tickets are not eligible for the prizes. When the draw brings the number of an unsold ticket, the draw process is repeated till the number of a sold ticket is drawn. But in some cases even unsold tickets are included in the draw - the unsold tickets are considered to belong to the retailer since he has already paid for the same. A ticket is eligible only for one prize of a particular game. If a ticket is drawn for more than one prize, the highest prize will be paid to the ticket holder.

The first prize is a six-digit number with a series, KP 825619, for example. In certain games, three consolation prizes are given for the same number but different series - as KD 825619, KL 825619 and KF 825619. Normally three numbers of second prizes are given with a different series and six-digit number for each. Similar procedure is adapted for third prizes, which may be three or five in number. For the fourth and fifth prizes, the odds of winning are increased, since only the last five digits are taken into consideration and the series is also not looked into. The other prizes down the line are given by drawing four-digit and three-digit numbers. The draw results are published in government gazettes and in a few vernacular dailies.

#### **(v) Claiming of Prizes:**

Prizes up to Rs. 5000 can be collected from the agents or District Lottery Offices, by surrendering the ticket. The prize has to be claimed within thirty days of the draw. When the prize amount is higher, it has to be claimed from the Director of State Lotteries by submitting a claim application.

In India, only 18% of the public are engaged in gaming, of which only 8% are regulars. Paper lottery continues to constitute the bulk of the Indian lottery market. The central government tried imposing a complete ban on all lottery operations in the country by repealing the Lotteries Regulation Act 1998. Arguing against this decision, many states have emphasised the revenue that the business brings and employment generation, among other things. Hence the states and lottery representatives have sought a regularisation of the lotteries rather than their complete ban.



## **FINANCIAL ASPECTS IN INDIAN LOTTERY**

The financial aspects in a lottery business involve more than just selling tickets and distributing prize money.

### **Revenue for the Government:**

When a state government calls for tenders to operate their lotteries, the bidding operators have to deposit a specified Earnest Money Deposit (EMD) that is refundable. The successful bidder has to deposit a specified Security deposit with the government. This is to ensure that the operator does not back off before the completion of the agreement period, failing which he forfeits the deposit money. As these deposits are refundable, the government benefits only by way of interest. The major share of revenue for the government is from the sale of tickets. The bidders quote a minimum guaranteed return. For example, an online operator promised a revenue of nearly Rs. 1100 crore to the state treasury in a phased manner over a five-year period. This is also referred to as the Licensing Fee for the five-year period. In a state, the operator offered Rs. 1141 crore over a period of seven years or 17% of the turnover whichever was more. Apart from the revenue through the sale of tickets, the government benefits by the sales tax paid by the operator, which varies from one state to another. West Bengal follows a slab system in levying sales tax. Each state government's revenue varies, depending on the schemes of their own lotteries and those of the other states. For example, in Kerala, the demand for lotteries from other states like Meghalaya and Nagaland is more than its own. The reason is while Kerala offers only about 50% as payoff, the others offer a higher prize pool of about 80%. In general, online lotteries bring in more revenue than paper lotteries.

### **Finances of the Operator:**

Other than the deposit amounts furnished by the operator, he has to submit a bank guarantee towards the tickets he purchases from the government. As the royalty to the government is paid after the sale of tickets, the bank guarantee safeguards the financial interests of the government.

In addition, the online operator has to spend a considerable amount of money on infrastructure. When an operating company introduces a lotto game, it has to invest approximately Rs. 100 crore (one billion) to install three hundred terminals. Once established, the cost of adding terminals would relatively come down. For instance installing an additional 1000 computers would require an outlay of Rs. 100 crore.

**Finances of the Agent:**

For online lotteries, when a person wishes to become a lottery operating company's retailer, he has to apply, depositing a specified amount. When the company is satisfied of the applicant's resources, they install terminals and software in the agent's premises. The commission paid on sold tickets varies from state to state. The retailer also gets a percentage if a ticket sold by him wins a prize and is applicable to both paper and online lotteries. The percentage of this bonus commission for paper and online lotteries varies depending on the state.

## **TAX MATTERS IN INDIAN LOTTERY**

### **Income Tax on Lottery:**

In India, prize amount received from lottery winnings is taxable under section 56(2) of the Income Tax Act 1961. When tax is deducted, it is on the gross amount. This gross amount is taxable at a special rate of income tax, which at the moment is 30% plus surcharge, as applicable under section 115(bb) of Income Tax Act 1961.

### **Deduction of Tax at Source (TDS):**

For payments from lottery winnings that exceed Rs. 5000, tax has to be deducted at source as per section 194(b) of Income Tax Act 1961.

- In the case of annuity prize schemes where prizes are paid in installments, tax will be deducted at the time of actual payment of each installment.

- Where the prize is in kind fully, the agent disbursing the prizes must recover the tax from the winner, before handing over the prize. When the payment is partly in cash and partly in kind, tax has to be deducted on the total value of both. If the cash portion of the prize is insufficient to cover the tax, the agent must recover the same before handing over the prize, failing which, the agent will have to bear the income tax.

### **(i) Instances where TDS is not applicable:**

- Payment refers to a single lottery winning and not the entire payment made in a financial year. So, if a player wins less than Rs. 5000 on two different occasions the total of which exceeds the said amount - for example, if he wins Rs. 3000 at two different times - tax need not be deducted at source.

- Unclaimed and/or undisbursed prize money is not lottery winning and hence tax need not be deducted.

- The income received as bonus or commission by lottery sellers or agents is not taxable under section 194(b).

- Prizes on unsold tickets are the agent's business income and not lottery winnings and hence are not taxable at source.

### **(ii) TDS on Commission on Sale of Lottery Tickets:**

A lottery agent or seller is liable for tax deduction at source as per section 194(g), if the quantum of payment exceeds Rs. 1000. This limit refers to a single commission and not the total commission received during a financial year.

It needs to be mentioned that tax has to be deducted at source only if the agent is actually paid commission. If the agent had received lottery tickets from the government and was given a discount against a commission payable later, tax cannot be deducted at source.

### **Service Tax:**

Recently the government of India included the commission agent's services under Service Tax. Hence commission received by the lottery agent is subject to Service Tax. However, the trade is generally conducted on the basis of sale and purchase of lottery tickets and this sale and purchase of tickets is not subject to Service Tax.

### **Sales Tax / Value Added Tax:**

Till 2005, the states imposed Sales Tax on the sale of both online and paper lotteries, the percentage of which varied from state to state. At present lotteries do not attract Sales Tax.

### **Lottery Tax:**

The state governments collect Lottery Tax on online and paper lotteries, the percentage of which varies from state to state. Kerala, Karnataka and Punjab are the states that levy Lottery Tax at present.

## FOR A SMOOTH OPERATION OF LOTTERIES

In the Indian lottery trade, there are allegations against operators regarding the entire operation. The governments stand to lose a substantial income if the allegations are true even partially, if not fully. But this situation arises mostly because there are no effective regulatory mechanisms in place. Besides, a ban does not help overcome these irregularities.

- Some of the states collect a fixed profit from the operator, sometimes as low as Rs. 550 per draw, irrespective of the number of tickets printed. This has led to the mushrooming of a number of lotteries benefiting the operators. If the governments are to benefit, they must collect profit of a certain percentage of the face value of the tickets printed, the minimum being 5%.

- Similarly, states levied Sales Tax as fixed amount irrespective of the price of tickets or the turnover. This again benefits the operator while treasury does not stand to gain much. As Sales Tax has been replaced by Lottery Tax at present, a slab system of Lottery Tax that can be linked to the turnover from the ticket sale is suggested. For instance, Lottery Tax of Rs. 40,000 can be collected for ticket sales upto Rs. 40 lakh, Rs. 60,000 on sale of tickets worth Rs. 40 to 60 lakh, and so on.

- Another aspect is that when a government bans lotteries, the aim with which it is done is not achieved. Because other state lotteries still find their way in. A ticket that is normally sold at Rs. 11 now costs Rs. 11.50, since it is done illegally. So the player is still able to buy the tickets and only the state government loses its share of revenue from Lottery Tax.

- Also when local lotteries are banned, more people take to the foreign online games or other state lotteries, which is a drain on our foreign exchange.

- Very often the lottery schemes do not benefit the states the way they should, because of negligence of officials during tendering or while drafting agreements.

- In some states, the agreement between the government and the operator does not mention the number of tickets to be issued per scheme. If the state collects royalty based on the number of tickets, the operator goes in for a smaller scheme. He prints a minimum number of tickets and if necessary printing the prize-winning tickets alone later. Here the prize that could have gone to a player reaches the operator. If the state takes a fixed royalty, the operator plans for a bigger scheme, i.e., he prints more tickets than required for sales. For instance, in a state, for one draw of a scheme, 56 lakh tickets were printed whereas the market available was for only 15 lakh tickets, the extra printing benefiting the operator by increasing his chance of a big win.

- At times the agreement does not mention the terms of sharing of net profit between the government and the SSA ( Sole Selling Agent ), resulting in a loss to the government.

- In a particular case, where the government had specified that 91% of the face value of the tickets should be paid as prize money, only 78% was distributed.

- When prizes are distributed, no deduction other than Income Tax is to be made. But it has become a practice with some SSAs to deduct an additional amount so as to cover their incidental expenses that vary from 10% to 25%. Not many players are aware of this and lose a small part of their prize amount.

- Sometimes the SSAs cancel draws after getting permission from the state government. But the state government never verifies if the tickets have been sold or not. If the tickets had been sold, the SSA takes the entire proceeds of the ticket sale - with the government and players ending up as losers. There have been instances where this money reached the hands of anti-social elements.

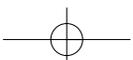
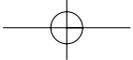
- The agreement does not provide for levying of penalty or interest from the operator if the prize money / royalty is not credited into the government treasury within the specified period.

- Another way of misleading the players would be to issue incorrect winning numbers on the day of the draw and then publish a corrigendum a few days later. This fools actual winners who discard their tickets. Dealers then print duplicates of the unclaimed winning tickets and claim the prizes.

- There have been complaints of agents influencing officials into announcing winning numbers from unsold tickets or changing the original result.

- A few private entertainment agencies sell cash cards to customers, claiming that the cards could be used for purchase at certain retail outlets. But in reality, the cards are used for selling lotteries. As this is done without the knowledge of the government, here again, the government stands to lose.

The above allegations clearly indicate the need for a transparent and tough regulatory authority in the long-term interests of the trade and the government. The best way to overcome these problems would be to commission a regulatory body exclusively for the lottery business, on the lines of SEBI and TRAI.



## PLAYER PROTECTION

Though lotteries bring in good revenue for governments, they should ensure that players are sufficiently protected in all respects. The necessity for player protection arises from various reasons.

Lottery operators advertise their various game schemes. **The promotional advertisements should convey the message that lottery is just a form of entertainment and not a means of idle income or an alternative to work, as has been done in some countries abroad.** This happens especially when private operators conduct the lotteries. The National Lottery of United Kingdom has set guidelines regarding player protection and they need to be emulated. The Betting and Gaming Act of 1960 of UK says that the gaming opportunities should be permitted only where they satisfy unsimulated demand. An advertising Code of Practice sets the standards for the style and content of advertising, ticket design, target audience, etc. So, **the lotteries should not be projected as a solution for financial difficulties. Also, in counters selling paper lottery tickets and in retail outlets selling online games, a statutory warning has to be in place.**

Outlets selling paper and online lotteries should have information leaflets giving details such as the method of play, prize structure and the probabilities of winning, for each scheme of lottery. The probability factor needs to be emphasised and clearly conveyed as the player should not be lured just by the prize amount. Generally, in schemes where the prize amount is higher the chances of winning come down. In US, most of the tickets themselves carry the odds of winning.

The government may print on the tickets that only income tax and no other fee shall be deducted from the prize money, thus keeping players informed.

Another aspect that is very often brought up by social activists and the anti-lottery lobby is the detrimental effect that sudden wealth brings. This happens especially in the case of lower and middle-income groups who

hit jackpots. They are unable to cope with the changes in terms of money, social status and media attention. Instances of break-up of families have been reported abroad. The solution would be to pay the prizes in annuities as is offered now in some schemes in the US, i.e., distribute the prize over a few years so that the bulk of the money does not come into the hands of the player in one go. Though it is being offered as an option now, it could be made mandatory.

**The lottery schemes should be such that there is no excessive or uncontrolled participation from the players. Players are very often influenced by the size of the prize than the odds of winning. Psychologists have evidence to show that players overestimate their winning chances or underestimate the personal risks, leading to excessive play. This used to happen in the single digit and scratch ticket lotteries in India, both of which have since been banned. For the same reason, draws of instant games in the US are spaced to prevent excessive play. In UK, the Director General is empowered to withhold the licence of any game that might encourage persons to participate excessively. Though player behaviour and spending patterns are studied in the United Kingdom, not much of research has been done on players who indulge in excessive play.**

There needs to be a ceiling on the jackpot amounts. In United Kingdom, it was noticed that player participation increased from 62% to 74% when there was a roll-over of jackpot. Also, studies show that when the jackpots are very high, players tend to spend beyond their means on the tickets. But if the prize amount is very low, it does not bring in much revenue for the government. So the prize has to be an optimum amount, so that the player does not indulge in excessive play and also the government gets good revenue.

All countries have specified a time frame for claiming and distribution of prize money. But in some cases, the operator does not pay within the specified period. This results in loss of interest for the winner, more so in the case of jackpots and bumper prizes. Also, the operator gets income by way of interest.

The games should never target the under-aged. Each country has set a minimum age limit for players. In India the government of Maharashtra has fixed 18 years as the minimum age. While it is 18 in most countries, it is 16 in the United Kingdom. In some countries including Malaysia, it is 21. In Finland, the age limit has been brought down to 15. In British Columbia of Canada and Nebraska of USA the minimum age of play is 19. Still some minors get to participate in lotteries. Those who do, take to it from their parents. Hence the Singapore Pools advise parents not to bring children along when they play, nor play in their presence and desist from asking the children to choose numbers. The retailers are authorised to ask for the ID of a person if they are in doubt about the age of the player. If any retailer allows minors to play, Singapore Pools penalises him or cancels his license.

In UK, The Trading Standards Department has the authority to undertake test purchasing on various products. The department is allowed to use children under sixteen years of age, the legal age for playing lottery in UK, to test purchase. If it is found that a retailer sells tickets to these children, the retailer's operation is suspended for a minimum of three months. So far 118 terminals have been removed for this reason. Besides, UK's lottery operator has developed its own testing program, Operation Child.

The United Kingdom has also designed a Game Design Protocol, a design tool with the help of social scientists, academics and market researchers. This tool helps in identifying if a game has high / medium or low potential among the vulnerable groups. The under-aged, the economically weak and those prone to addictive behaviour form the vulnerable group. The tool is tested, by measuring the actual behaviour of the player against intended behaviour. For this reason, the new games are introduced one at a time. UK uses a computer software, Optimum, which is basically a geo-demographic tool. Depending on the location of each retail outlet i.e., whether in commercial district, low-income group, etc., the advertising strategy is decided.

State lottery operators in the US generally offer advice on financial and legal matters to a jackpot winner. In UK, players whose prize amount

exceeds 50,000 pounds receive an Information Pack with details on financial and legal matters. The services of an independent financial and legal advisor are offered if the prize amount is 250,000. Such measures ensure that the player gets to enjoy his windfall rather than be suffocated by it.

To prevent their customers from being caught in lottery scams, most of the lottery operators undertake awareness campaigns. The Colorado Lottery Requests its customers to be **ALERT** to protect themselves, ALERT being an acronym for

- A**sk Questions
- L**isten Carefully
- E**ducate Yourself
- R**efuse to be pressured
- T**ell the Authorities

## SECURITY MEASURES

Every country adapts various measures to ensure that the tickets are not tampered with, the draws are as per procedure and the machines are foolproof.

### Security Measures in Printing of Tickets:

In India, only security printers approved by Reserve Bank of India or Indian Bank Association can undertake the printing of lottery tickets. For printing of the series (alphabets) and numbers on the lottery tickets, a penetrating security ink is used.

The state governments print their logo and facsimile signature of the authorised government official to ensure authenticity of tickets. Specific security marks are also printed on the tickets, which are changed periodically to prevent their being copied. The printer is required to insure the tickets. On completion of printing, all the used plates are to be effaced. Spare, waste and defective tickets are destroyed in the presence of authorities from the state lottery Directorate. Besides, the state governments obtain security deposit in terms of cash or bank guarantee to ensure timely and safe printing of tickets.

In China, BZP's (Beijin Zhongcai Printing Co. Ltd.) quality control system requires optical, electrical, chemical and mechanical tests to be carried out during every stage of the production. Void tickets are destroyed in a special area in BZP before the other tickets leave the factory premises. In Israel, Mifal Hapayis prints its lottery tickets abroad to prevent forgeries. In UK, every scratch card has a unique verification number and bar code. In Missouri, a specified number of scratch tickets in each shipment are scratched and checked by the printer, then by the Missouri Lottery and Missouri Highway Patrol Laboratory. A third check is done once a year by an independent auditor.

### **Security Measures by Marketing Agents:**

The marketing agent ensures that the tickets are numbered correctly before dispatching them for sale. Defaced tickets or tickets with incorrect numbers, if any, are returned to the respective lottery directorate for replacement and / or destruction.

### **Unsold Tickets:**

Unsold tickets in any scheme are punched immediately after closure of sale of tickets of that particular scheme. This is done in order to avoid misuse. The punched tickets are kept under lock and key till prize-winning tickets, if any, are retrieved for safe custody.

### **Prize-winning Tickets:**

When players present their prize-winning tickets, the tickets are punched, counted and classified as per denomination. Each ticket is physically verified to check for the accuracy of draw date, drawn number, etc. This verification is carried out to prevent duplicate or forged tickets being presented for claiming of prizes.

### **Security during the Draw:**

The state governments in India have specified that the draw should be conducted in the presence of the director in respect of some schemes and government-appointed judges for others. Before each draw, the draw machines are checked by the judges. In Oregon, USA the Random Number Generator is tested and certified by the Oregon State Police Gaming Enforcement Section and an external laboratory. In Oregon, the state ensures fairness, integrity and security of the operators through State Police Gaming Enforcement Section. All the countries permit their citizens to view the draw.

In countries like Israel, the results are checked by professional statistical auditors.

In North American states the entire proceedings are transparent. The lottery records are accessible to public and the media is free to scrutinise them. In most states, lottery employees and their families are not allowed to play. This measure is intended to prevent public gaining an impression that the draws are engineered in the event of an employee winning. The Missouri Lottery has a Security Division to undertake and oversee the various security measures.

In US, the balls used in machines are kept in a locked box that has a numbered metal seal. Once a month, each ball is weighed and measured to ensure consistency in weight and measures. The balls are also checked for resilience, sphericity, volume and density. If a lottery game has mid-day and evening draws, the same ball sets are not used. For certain games like Lotto and Take Five, ball sets are changed once in three months. The ball sets are changed once a month for games like Win 4 and once in two months for games like Pick 10. On completion of the draw, the machine is kept in a sealed room, and it is under 24- hour surveillance. Besides, the room has alarms and movement detectors. The room's lock has two keys, one of which is entrusted to the private representative. The seal has to be broken, for entry. The number is recorded in a logbook for future verification. In an automated draw machine, the computer's hardware has a numbered security seal that cannot be broken. The software that generates the random numbers also cannot be altered.

In United Kingdom, all retail outlets have CCTVs (closed circuit televisions). In certain cases, the footages have helped nab criminals. The draw machines are as per the standards of BSI- British Standards Institution. The balls used in the draw are stored in sealed security containers. They are weighed and measured regularly to maintain uniformity. The machines are monitored using CCTVs to ensure that no one tampers with them.

### **Security in Computer and Online Lotteries:**

In the operation of computer and online lotteries, security aspects cover hardware, software and organisational issues such as employee error, tampering with malicious intentions, etc. and natural disasters.

**(a) User Authorization:**

The systems can be accessed only through a password which is known only to authorised officials.

**(b) Terminal Identity and Authorization:**

Each hardware terminal has a unique identification and hence its level of authorisation can be verified. Only such authorised terminals are allowed to transact.

**(c) Access Network Security:**

Each retail POS terminal can access the central server only after authorisation through an agent's password. The entire network functions in such a way that, in case of failure in security mechanism, the terminal can be cut off from the main server. A virtual private network (VPN) is created so that even if public network is used, a secure sub-network is created within it, protecting the lottery users and the servers from external influences. VPN access is through a separate ID and password with validation of modem identity, thus providing an additional ring of security. Use of VPN also reduces the chances of virus replication.

**(d) Core Network Security:**

Lottery operators use the core network of telecom service providers to link their collocated servers. As these service providers deploy the highest level of security this acts as an efficient protection for the operators as well.

**(e) Firewall:**

The servers are kept behind a security device named firewall. The firewall could be hardware and/or software based and it filters out unauthorised access. Intrusions if any are detected and reported immediately.

**(f) Data Security:**

Database is kept behind the application software so that users do not have direct access to the database. Transactions take place through the application software where it is verified first. For management of database, access is provided only to a few authorised personnel.

**(g) Business Continuity and Disaster Recovery Measures:**

In order to insulate the operations from natural or man-made disasters, servers are physically located in different seismic zones. For example, the primary servers are located in Mumbai (which is in Zone 4 of the seismic map) and back-up servers in Bangalore (which is in Zone1). Database gets replicated between the servers so that operations can be shifted quickly to the other site without discontinuity in service, in case of an eventuality.

**(h) Physical Security:**

The collocation centers, where servers are installed, not only have the best operating environment but also offer very high degree of physical security with the latest gadgets like biometric access control etc. Only authorised personnel are allowed physical access to the site.

**(i) Printing of Tickets:**

Tickets, advice slips and proofs of purchase issued by a terminal are assigned a unique number generated by the central server. This number is an indication that the tickets have been authorised by the central server. Besides, each ticket is assigned a unique bar code while being issued.

The state governments have specified that even the online and computer lottery tickets printed at the retail outlets should bear the government logo and the facsimile signature so that the players would know that the games offered online have been authorised by the government. The ticket also bears a pre-printed serial number and the time

at which it was issued. The tickets are printed on stationery having special features so as to avoid printing of duplicate tickets.

**(j) Prize Payment:**

The prize-winning tickets are scanned before the prizes are paid. The central server verifies the scanned data with the data stored while the ticket was issued. The server also produces a list of unclaimed prizes - after the expiry of the claim period - so that the prize money can be credited to the government.

## ROLE OF RETAILERS

The success of a lottery depends on the network of retailers. They serve as the interface between the public and the lottery operators. As retailers are in direct contact with the end users the success of a lottery depends a lot on them. Therefore governments and lottery operators take measures to motivate the retailers.

In India, Kerala has approximately 35,000 retailers, Maharashtra nearly 1.5 lakh and Punjab 30,000. In Haryana, approximately 20,000 and in Karnataka around 1.5 lakh persons are employed as retailers. Nearly 50,000 people work as retailers in West Bengal.

In India, anyone can become a retailer. No educational qualification is required, except for his ability to establish and run the retail outlet. As in many other countries, retailers are given a bonus commission if a ticket sold by them is a winner. For example, when Sikkim's first online lottery jackpot winner of Rs. 8.61 crore was announced, the retailer from whom he bought the ticket received Rs. 8.61 lakh as 1% commission. This is in addition to their regular commission. The tickets are normally priced between Re. 1 and Rs.100. The selling agents' commission varies from state to state and scheme to scheme, generally between 4% and 25%. The prize pay-out also varies between 30% and 91% of the value of the tickets.

Connecticut has a Mystery Shopper Program. Representatives from the Directorate visit retail outlets without prior information. Based on their report, a monetary reward is given to the retailer having the best display of a specific lottery product. It also has a Premium Point Rewards Program. In this program retailers earn 'points' for selling certain games and the points can be redeemed for lottery products or gift certificates.

One of the main tasks of the National Lottery Marketing Department of Belgium is establishing a personal rapport with its distribution network - besides developing new games and player behaviour. The marketing and advertising departments regularly organise promotional events to motivate and reward the best performing sales outlets.

In Kentucky's Sales Incentive Program for retailers, they can earn incentives by achieving a specified sales target.

In Israel 'Most Attractive Lottery Booth' competitions are conducted at regular intervals. To ensure an efficient networking, the lottery department organises multi-faceted training programs and workshop for sellers, distributors and marketing personnel.

Massachusetts State Lottery has an agents' draw to which an agent is eligible once a book of tickets is sold. The number of entries for the draw increases with the number of books sold by the agent. Every fortnight, nearly thousand agents win prizes ranging between \$ 50 and \$ 10,000. Once in two months, a grand prize draw is held, where one prize of \$ 250,000 and four prizes of \$ 50,000 are awarded.

New Mexico Lottery Authority has a marketing incentive where points are awarded based on the upkeep of POS, display, etc. leading to a Gold or Silver Status. The former earns the retailer an additional 0.5% of their total sales and a silver 0.25%.

New Mexico Lottery Authority has a separate scheme for the personnel too. When representatives from the Lottery Authority visit retail shops, they award points to clerks and counter staff for providing correct information, for promoting games, for posting current winning numbers, etc. The points can be redeemed for prizes.

In Trinidad and Tobago, the agents had to deposit three times the face value of tickets initially, which was later reduced to the actual value of tickets. Agents received a commission of 15%. The success of the lotteries prompted the government to increase this to 17% to encourage them in their work.

## FEEDER INDUSTRIES

Lottery industry supports quite a few trades and businesses. Advertising, Printing, Logistics, Gaming Service Providers, Telecom sector and Print and Visual media are the notable beneficiaries.

### **Advertising:**

Advertising is an essential part of the lottery industry that helps in product promotion. Advertisement is done through billboards, posters, danglers and media - both print and visual.

In the United Kingdom, the operator spends one million sterling pounds for marketing each of its four flagship instant games it introduces every year. In the North American lotteries, advertisement expenditure accounts for 1.17% of its total revenue. This is very less compared to the advertisement expenditure of beverage manufacturers and cosmetic companies who spend 7.5% and 8.8% respectively. In 1996, America spent \$400 million on advertising and received \$ 34 billion in sales.

In India, when online lottery operations started, huge billboards advertised its launch in all major cities and towns. Since it was the introduction of online lotteries for the first time in India, the operator published free play coupons in dailies. It continues to place advertisements in 68 publications in ten languages in all the states where its lotteries are operated. Initially, the focus was on building the brand and familiarising people with the same. The focus now is more on individual games. One online operator spends around Rs. 2.5 crore on product launch campaigns. Its annual advertising budget is Rs. 65 crore a year and two advertising agencies handle the weekly and daily games separately.

When another operator launched its brand, it earmarked Rupees 85 crores as advertising budget. The share of the budget varies with the schemes. For instance, of a specific game's print budget, 99% is for the vernacular press. In general, its advertising budget is Rupees 25 crores a year. Another operator's initial budget for advertisements is Rupees 150 crores( Rupees 1500 million).

An analysis by TAM Adex, a media research firm showed that in India, online lottery advertisements accounted for 70% of the total advertising expenditure of lotteries in 2002. In 2003, it was 80%. Lottery advertisements are more in Maharashtra, West Bengal and Kerala, the markets with high potential. Of lottery industry's total expenditure, advertising accounted for 1.07% and 1.34% in 2002 and 2003 respectively.

### **Printing:**

While printing of paper lottery tickets is done by security or fiduciary printers, online tickets are printed at the time of play at the POS terminals. Britain's National Lottery sells over 25 million tickets each week. In India, the state of Maharashtra prints more than 16.8 million tickets for two digit lottery games alone in one week. The volume of tickets for other schemes depends on the frequency of draw. Each week, an Indian online operator sells more than 17 million tickets. The British Columbia Lottery Corporation of Canada printed 660,000 tickets for the Living Large Lottery 2004 game. In Singapore Sweep, 2.7 million tickets are printed for each draw. These representative figures indicate the volume of printing involved.

Besides, the industry benefits from the printing of advertisement danglers, posters, etc.

### **Paper Industry:**

Paper industry is an indirect beneficiary, considering the volume of ticket printing involved and the tonnes of paper required for the same.

### **Logistics:**

The transport industry also benefits from the lottery trade since the tickets need to be transported to various destinations.

### **Gaming Service Providers:**

Paper lotteries involved only draw machines. With online lotteries gaining popularity, the demand for gaming machines has also increased since the manual work is very minimal in online lotteries.

Gaming service providers include instant scratch ticket producers, inventors of new and unique paper and online games, network troubleshooters, designers and manufacturers of lottery kiosks and gaming machine manufacturers i.e., companies that design and manufacture draw machines and online terminals. Scientific Games Corporation, Oberthur Gaming Technologies and GTECH Gaming Solutions are some of the well known international service providers. Scientific Games operates online lotteries for sixteen US states as well as others in Korea, Norway, Switzerland and Shanghai. GTECH has installed more than 400,000 POS terminals. Oberthur Gaming Technologies has more than 100 clients in fifty countries.

The design wing of an automation company in Chennai has designed lottery terminals. The design has incorporated rotatable digital display to enable 360 degree viewing, provision to store a large print roll, provision to store loose tickets and openable lids to clear paper in the event of jamming. As online games take very little time the machines need to function at high speed. These machines are designed to generate 900 tickets per hour. To cater to online game players, various operators have installed POS terminals across the country, numbering more than 25,000. HCL is one of the major suppliers of lottery terminals in the country.

In India, an operator's gaming hardware and software are supplied by International Lottery and Totalizator Systems and the draw machines by Smartplay International Inc., USA. But Sugal & Damani has indigenous systems and their software are all provided by local companies.

South Carolina uses two Beitel Criterion machines to draw the winning numbers, one for the white balls and the other for the red balls.

### **Software Industries:**

While the gaming software is provided by gaming companies such as Totalizator, online and computer lottery operators require a few other software to run their businesses. These include administration, accounting and financial software. These are required to keep track of financial inflows

and outflows, to regularly and automatically update draw results and watch the distribution network consisting of sub-agents, retailers, etc.

Besides these software, each gaming solution provider, lottery operator and lottery association has its own website. Hosting, upgrading and updating these sites benefit many small software companies.

### **Telecom Sector:**

With the possibility of participating in a lottery game through e-mail, phone and SMS, telecom companies are benefitted with extensive use of VSAT, CDMA and GPRS technologies. In India lottery sector is one of the biggest users of data services offered by many private companies like Reliance, Airtel, etc.

### **Newspaper:**

Newspapers are benefitted by way of advertisements and increased circulation, when they publish lottery results. Some papers like Yopalatchumi, Athirshtam and the newly introduced Dhanvasha are dedicated exclusively to lotteries with 95% space of the paper filled with lottery news and results.

### **Research & Development:**

As the lottery schemes and games call for constant innovation and as the machines require to be faster, there is considerable amount of research and development being carried out by the gaming providers and software industries.

## LOTTERY RULES

### **The Lottery Operator:**

Rules governing lottery operations are more or less similar in most countries. These depend on whether the lottery is run by the government or by a private firm. Just as in India, in many European and North-American states, lotteries are regionally operated. In countries like Thailand and Spain, lotteries are nationally operated. In Denmark, Netherlands, Germany, Italy and Portugal, lotteries are operated by corporations, though under government control. Most often they fall under the purview of Ministry of Finance or Revenue Department.

In Azerbaijan, the corporation Azerlotereya is required to furnish information about the way the scheme would be operated and a sample of the lottery ticket is forwarded to the State Committee on Securities (SCS). The information given includes name and type of lottery, period of conducting the lottery, description, dates of draw, prize structure, rules regarding distribution of prizes and territory covered by the lottery.

The National Lottery of United Kingdom is regulated by the National Lottery Commission.

Japan's law stipulates that the lottery is run by a bank.

### **Tickets:**

Almost all countries prescribe the information to be printed on the tickets. These include name of corporation, name and type of lottery, number of tickets printed, cost of each ticket, its series number, prize amount and date of draw. In Azerbaijan, name of lottery ticket printer, printer's registration number and name of the organisation that issues the lottery license have also to be printed on the ticket.

In most of the states of USA tickets cannot be bought online or through mail. Though they allow non-residents to play lottery, the tickets

have to be bought only from retailers. And also tickets can be bought only with cash and not with credit cards. While resident winners have to pay only state tax, non-residents are required to pay an additional 28% federal tax of the winning amount. In India, only residents of India can participate in the state lotteries. **But countries like Spain make their lottery products available on the internet, enabling a person from any corner of the world to play. Some countries allow subscription sale of tickets in which a player can buy tickets for a specified number of forthcoming games.**

A few countries allow only sold tickets to participate in the draw to determine the prizewinners, Azerbaijan being one of them. The same is practiced in the Indian states. Maharashtra's bumper draws have non-guaranteed and guaranteed prizes. While in the former, prizes are declared on all printed tickets, in the latter, prizes are declared only on sold tickets.

#### **Draw:**

In all countries, the draws are open to public, most of them being shown live on TV. Also, a representative from the Lottery Directorate is required to be present during the draw. In Oregon, USA, personnel of the State Police Gaming Enforcement Section have to be present during the draw. In some of the Indian states the government appoints a five-member committee and a chairman to be present when the draw takes place. In the state of Maharashtra, the Deputy Director of Lottery has to supervise the monthly and Bumper draws. The draw numbers are recorded, checked and signed by the committee members. In the North American states, the staff members of the Draw Management Section conduct the draw in the presence of a representative from a firm of independent certified public accountants. The draw procedures are documented in writing and approved by the Lottery Director. The independent representative has to ensure that the draws take place as per the procedures. He has the authority to stop the draw if it does not conform to the procedures. In such a case, he has to submit a detailed written report to the Lottery Director. The methods of draws and security measures are discussed elsewhere in the book.

States like Pennsylvania allow retailers to participate in lotteries. In countries like Azerbaijan and some states of USA like Florida, employees of the directorate, employees of operators and suppliers of lottery goods are not permitted to play.

### **Claiming of Prizes:**

The claim period varies from country to country and in the case of India and USA, from state to state. In most Indian states the claim period is 90 days. In Georgia, USA, it is 90 days for instant games and 180 days for the other games. In Trinidad and Tobago, the claim period is six months for scratch games and one year for the rest. In all countries, upto a certain amount, the prize can be collected from the retailer. Higher amounts are to be collected from the Directorate after submitting a claim form and the ticket. In Azerbaijan, the distribution of prizes start within seven days of the draw.

In the case of multi-state lotteries of the USA, players have to redeem prizes from the state from where they bought the ticket.

### **Distribution of Proceeds:**

Many countries specify that a minimum of 50% of the lottery proceeds should be given as prizes. The Russian Federation's law 'On Lotteries' stipulates that the minimum prize is 50% and should not exceed 80% of the lottery earnings. Countries set limits for the purpose for which lottery proceeds are spent. For example, Oregon specifies that not more than 16% of the proceeds can be used for administrative purposes. In South Carolina, the Education Lottery Act states that operating costs and retailers' commission together should not exceed 15% of the total sales. In all lottery playing countries, unclaimed prizes go back to the prize pool - sometimes with a small percentage being allocated for community projects. In Montana of USA the entire amount of unclaimed prizes gets added onto the General Fund. In India, unclaimed prizes go to the government treasury.

In UK, the jackpot can roll only three times. If there are no winners even after rolling over, the jackpot is added to the Bonusball prize fund.

### **Retailers / Agents:**

A license to a retailer or an agent is given on the basis of his credentials to run the show and on the locality. Delaware Lottery of the USA requires the agent to display his license and he can sell only from the locations mentioned in his license.

Some states like Kerala have specified that a person has to be 21 years of age to become an agent. He can apply for a license to only one area or locality of the state. He has to be a resident of the area and should have the capacity to lift a specified minimum number of tickets. In Florida and Delaware, the minimum age of an agent is fixed as 18 and 21 respectively.

In India, some of the state governments charge a fee while authorising agents. In Pennsylvania, a licensing fee of \$15 is collected for selling instant tickets. In Missouri, when a license is issued to a retailer, he has to pay a \$50 bond fee to the Missouri Lottery.

Missouri Lottery Law requires 10% of sub-contracted lottery business to be awarded to enterprises owned by minorities and 5% to business companies owned by women.

### **Other State Lotteries:**

**In India, if a state operates its own lotteries, it cannot bar the sale of tickets from other states in its territory. A player can buy and redeem tickets in any of the lottery operating states. But in USA, a state can sell its lottery product only within its territory. A player who is on a visit to a neighbouring state can play in the USA. But in case of a win, the player can redeem it only in the same state. The same is applicable to inter-state lotteries of the USA as well. In India, a player from a non-lottery operating state can play the lottery outside his home state while on a visit. If he learns of a win after his visit, he can claim the prize from his home-state itself. Because the ban is on selling of lottery and not on buying of lottery.**

**Other rules:**

South Dakota Lottery states that contractors who supply materials, tickets and other services may not offer, pay gift, loan or do any favour to a member of the Commission or lottery employee.

In Azerbaijan, the operator is required to give a report about the unsold tickets and the method of destroying them to the SCS an hour before the draw. Within three days of the draw, a report about the draw results has to be submitted by Azerlotereya to the SCS. The results should be published within three days of the draw.

All countries and states can terminate the license of an agent if he does not abide by the rules. These include selling to under-age players, tampering with tickets-especially scratch games and failure to pay prize amount in full or part. In UK, contracts of 27 retailers were terminated in its first year of operation. In Trinidad & Tobago, an agent can terminate his agreement with the board by giving two months notice.

In India, as per existing policy, lottery business, gambling and betting are not open to foreign investment, which applied to FDI, FII portfolio investment, NRI/OCB portfolio investment and NRI/OCB investment on non-repatriation basis. Investment by foreign venture capital investors is also disallowed.

In Minnesota State Lottery, the advertising expenditure should not exceed 2.75% of the gross revenue.

**Among the 120 countries operating lotteries, China is the only country that has not constituted laws to regulate its lottery.**

In India, the following states have formulated lottery rules under Lotteries (Regulation ) Act,1998

<b>S. No.</b>	<b>State</b>	<b>Name of Rule / Act</b>
1.	Kerala	The Kerala State Lotteries and On-line Lotteries (Regulation) Rules, 2003.
2.	Karnataka	1. The Karnataka Tax on Lotteries Ordinance, 2003 2. Karnataka Computerised Network Lottery Rules, 2001 3. Karnataka State Lottery Rules, 1998
3.	Punjab	1. Punjab State Lottery Rules, 1998 as amended in 1999 2. Punjab State Lottery (First Amendment) Rules, 2001
4.	J & K	Jammu & Kashmir State Lottery Rules, 2004
5.	Rajasthan	Rajasthan State Computerised Network Lottery Rules, 2003
6.	Haryana	Haryana State on-line Lottery (Regulation) Rules, 2002
7.	Mizoram	Mizoram State Lottery Rules 2000 (dt. 01.09.2000)
8.	Maharashtra	1. Maharashtra State Online Lottery (Regulation) Rules, 2001 2. Maharashtra State (Main) Lottery Rules.
9.	Tamil Nadu	1. Tamilnadu State On-line Lottery (Regulation) Rules, 2002 2. Tamilnadu State Lotteries (Regulation) Rules, 2002.
10.	Meghalaya	Meghalaya State Lottery Rules, 2002
11.	Himachal	Himachal Pradesh State Lottery Rules, 1999
12.	Arunachal Pradesh	Arunachal Pradesh State Lottery Rules, 2001

## STATE LOTTERIES IN INDIA

### Arunachal Pradesh

Lottery operations in Arunachal Pradesh commenced in 1980. Initially the state government created a few societies and entrusted them with the running of the lotteries. As legal problems arose regarding the status of the lotteries, the government started operating them on its own. They come under the Ministry of Finance. At present the Arunachal Pradesh government has entered into several agreements for the operation of online as well as paper lotteries.

### Karnataka

Karnataka State Lottery started its operations in 1969. Mysore Sales International Limited (MSIL), a government undertaking has been the sole selling agent, and it has been operating the lottery since inception.

In Karnataka, the lottery has been popular from the beginning. The government imposed Sales Tax in 1985 which was later withdrawn. With the introduction of Lottery Tax, the revenue is about Rs. 100 crores at present.

The lottery market in Karnataka was doing brisk business – the government earning about Rs. 300 crore a year from paper and online lotteries – till online lotteries were banned in July 2004. Karnataka's online lotteries had been doing extremely well, and the online operator paid about Rs. 100 crore in the first year of operation. This was the highest revenue of any state government from an online lottery. This money was spent on the noon meal scheme 'Aksharadasoha'. This Rs. 300 crore-a-year project provides mid-day meal for government primary school children. But with the present ban, the government has announced that it will find other means of funding the noon-meal scheme.

In February 2004, Karnataka banned paper lotteries of Bhutan and six other states from being sold in its state. The reason was that the respective

governments did not furnish documents and details pertaining to Rule 20 of the State Lottery Rules of 1999. After court intervention, the ban was lifted in March 2004.

MSIL offers many weekly draws that are very popular. In Karnataka, lottery schemes, prize structure, number of prizes and number of tickets to be printed are decided by the government and MSIL executes them. Prizes for bumper draws and first and second prizes of regular lottery schemes are declared only out of sold tickets.

## **Kerala**

DC Kizhakemuri was the pioneer of publishing industry in Kerala. In 1966 he conducted a lottery for starting a children's library in Kottayam. The cost of the ticket was Rupee One and the prize was an Ambassador car. A draw machine was used to pick the winning tickets. The then Chief Justice Mr. Sankar and Managing Director of FACT Mr. M. K. K. Nair drew the lots. The lottery brought in a sum of Rs. 4.25 lakh. Then Mr. Kizhakemuri and the then Indian Ambassador to Russia Mr. K. P. S. Menon obtained sanction from the governor to hold a lottery for Kottayam Public Library. They raised Rs. 4.85 lakh. He conducted another lottery to raise funds for instituting a literary award. Many other organisations like the Kottayam Municipal Council and Basalius College followed suit. Kizhakemuri had stated that the lottery conducted by him was not the first. A woman's organisation in Quilon was the first to do so. During this period, the Health Department, under government patronage was also conducting lotteries to fund the family welfare services.

The government then decided to hold state-sponsored lotteries as many private illegal lotteries were exploiting the working class. The brain behind it was Mr. P.K. Kunju Sahab, the then Finance Minister. So, in 1967 the Department of State Lotteries was established and Mr. Sayed Mohammed served as its first director. At this juncture Mr. Kizhakemuri's advice and suggestions were sought to conduct the lotteries. Mr. Kizhakemuri not only helped the government in running the draws but also presented his draw machine to the government.

The lotteries are under the purview of Taxes Department. Registration of agencies, renewal of agencies and allotting prizes upto Rupees 5000 are done by the District Lottery offices. The overall control, prize and agents of other state lotteries are under the Directorate. Initially there was only one weekly draw. Presently four weekly lotteries namely Chaitanya, Periyar, Kairali and Soubhagya are held. Periodic bumper draws are also conducted with prizes ranging from Rupees 50 lakhs to Rupees One crore with the tickets costing Rs. 20, 30 and 50. The tickets are printed in the government or any security press. The government nominates judges under whose supervision the draws are held. In 2003, the total revenue from lotteries was Rs. 139 crores and the net profit was Rs. 13.45 crores.

### **Maharashtra**

To meet finances for the increasing development needs of the state, Maharashtra established a Lottery Board in 1969 under the Ministry of Finance. The lotteries are conducted by the Commissioner of Small Savings and State Lottery.

When the Maharashtra Lottery came into being only one draw was held in a month. Then it was increased to three draws - on 5th, 15th and 25th of each month. The present day lotteries are categorized as Day, Weekly, and Monthly Lotteries, besides Bumper Lotteries. The weekly lotteries are held from Monday through Saturday. Akarshak Pushkaraj is the monthly draw. Under the Bumper Lottery there are various schemes namely Republic Day, Gudi Padwa, Maharashtra Day, Diwali, Maharashtra Natal Bumpers Prajasattak (Republic Day) and Shri Bhavyatam (Ganapati Festival).

Though these lotteries were popular, the annual turnover of Maharashtra was comparatively less than that of the other states. So under the Lottery Regulation Rules 2000, the government introduced Two Digit Lottery in July 2001. A separate Deputy Director's office was created for conducting the 2D games. Presently the 2D games with varying prize schemes are popular and hence more in numbers. The lotteries - being organised by two operators - are expected to yield an annual revenue of

Rs. 50 crore to the government. The government also allows part of paper lotteries to be sold online. The Govt. of Maharashtra had in the past invited bids for their online lotteries twice but on both the occasions the lotteries failed and the operators surrendered their licenses after a short period of operation.

### **Meghalaya**

Meghalaya State Lottery functions under the department of Excise, Registration, Taxation, Stamps (ERTS). Started in 1982, it has faced a few bans. At present traditional lotteries are being sold as paper lotteries and online lotteries.

### **Mizoram**

Mizoram State Lottery began in March 1986 to mobilise additional resources. The lottery proceeds benefit the development of sports and other community projects. The lotteries registered a revenue of Rs. 5.5 crore in the financial year ending 2003. The lotteries function under the Institutional Finance and Small Savings wing of the Finance Department.

### **Nagaland**

Lotteries came into existence in Nagaland in 1972 with the establishment of the Directorate of Nagaland State Lotteries. The Directorate has appointed a single distributor for marketing the Nagaland lottery tickets throughout India. The Department launched online lottery in December 2002. The lottery is one of the main sources of income for Nagaland government, as it has no other substantial resources to bring in money. At present it operates both paper and online lotteries.

### **Punjab**

The Punjab State Lotteries were started in 1969. The Lottery Directorate was set up under the Finance Department to curb the illegal Satta and Matka and also to earn maximum revenue for the state

exchequer. At present the lotteries contribute more than Rs. 190 crore to the state treasury. The prize payout for various paper lottery schemes varies from 80% to 90%. In the changed scenario, the Directorate permits the sole selling agent to sell lottery tickets through computer terminal using internet technology.

The Punjab State Lotteries also conduct bumper lottery schemes that are extremely popular and prizes range from Rs. 100 (minimum prize) to Rs. 1.50 core (first prize). The first prize is drawn only from sold tickets.

The online sale of paper lotteries in Punjab was started in the latter half of 2002. Though online lottery sale is up by 15% to 20% than before, a small percentage of people still have passion for paper lotteries. Cities such as Ludhiana, Jalandhar and Patiala have the maximum number of online lottery terminals.

### **Sikkim**

Sikkim started lottery operations in 1979. Presently, Lottery Division of Finance, Revenue & Expenditure Department conducts online lottery, 2-digit lottery and conventional paper lottery. The department also allows a part of paper lotteries to be sold online.

### **West Bengal**

Lotteries in West Bengal trace their origin to the pre-independence era. In 1803, Lord Wellesley formed an Improvement Committee for the city that raised funds through lotteries to lay roads and construct public buildings. The name of the committee was changed to Lottery Committee in 1817. Town Hall, constructed in 1813 is one of the standing examples of the buildings raised using the 'Bengal Lottery' funds.

Thomas Parry who arrived in Madras in 1788 and in whose name Parry's Corner exists today, sold Bengal lottery tickets among other businesses.

Private lotteries were also in operation, notable among them being the Don Bosco Charities that raised funds for charitable works. The government started its lottery in 1970. The government imposed sales tax in 1984.

Philip Davies, director of English Heritage's London region is helping the government in restoration of Calcutta's architectural heritage. He has suggested a heritage lottery to fund the restoration work.

The lottery being operated now earns a revenue of Rs. 6 crore annually, though the state has a potential to raise Rs. 300 crore per year. Although the government imposed Sales Tax in 1984, currently it does not levy any tax.

### **States where lotteries are presently not in operation:**

#### **Goa**

Lotteries in Goa were started by the Portuguese government to mobilise resources for Provedoria de Assistance Publica. The privately operated Provedoria is continuing. The revenue was meant for various social welfare projects such as running orphanages, old age homes and for assisting the economically weak. The Goan lotteries were popular, especially along the Konkan coast. Even after independence, the lotteries were conducted by the same institute. When Goa changed from being a Union Territory and became a State, the Goan government started the Goa State Lotteries.

#### **Haryana**

State lotteries in Haryana were started in 1968 though not in operation now. The lotteries were banned in the year 2005.

#### **Himachal Pradesh**

The government of Himachal Pradesh introduced its state lottery on New Year's Day in 1979, to mobilise additional resources. Prior to 1979, a

few government authorised private lotteries were being operated. But they were closed down in 1999. The government has banned lotteries since February 2004.

### **Manipur**

The state operated both paper and online lotteries. But the government does not operate any lottery schemes at present.

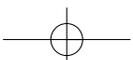
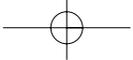
### **Tamil Nadu**

Lotteries in the city of Chennai, erstwhile Madras, were started in the late 1700s by the British. The building that houses the Fort St. George Museum was built in 1795. The hall upstairs was known as the Public Exchange Hall or the Long Room. Among other things, lottery draws were conducted in this hall.

The modern day lottery named Tamil Nadu Raffles Scheme was started by the late chief minister Mr. C. N. Annadurai on August 15 in 1968. The purpose was to mobilise resources for various welfare schemes. In the very first year, lotteries earned Rs. 461 lakh for the government. It was suspended for a year, between September 1975 and August 1976, but was revived. The lotteries were banned throughout the state again in January 2003. However, in 2006 the Chief Minister Mr. K. Karunanidhi announced that the lotteries would soon be revived.

### **Tripura**

The Left Front government of Tripura relaunched its lottery in 2004 in collaboration with a private operator. But the contract was terminated in 2006 due to irregularities.



## **WORLD LOTTERIES**

### **AUSTRALIA**

#### **Australia West:**

The State Lottery of Western Australia is Lotterywest, previously known as The Lotteries Commission of Western Australia. Lotterywest functions under the aegis of the Minister for Government Enterprises.

The distribution of lottery revenue is as per the Lotteries Commission Act of 1990. In 2005, Lotterywest received AU \$520 million from the sale of lotteries. It distributed AU \$163 million to Western Australian Community, AU \$78 million to the health sector, AU \$10 million to sports, AU \$10 million to Arts and 1372 grants amounting to AU \$65 million to various charitable organisations - like Surf Life Saving Western Australia, Sea Search and Rescue, Aboriginal Corporations, Landcare groups and Heritage Conservation Projects.

Each state has its own lottery except Victoria, Tasmania and the Northern Territory, which are run by Tattersalls. The instant scratch games include Outback Adventure, Soccer Pools and Cash3.

#### **South Australia Lotteries (SAL):**

South Australia established its lotteries in 1967, with the motto of 'Making Wishes Come True'. It was started after the State Parliament passed a bill to establish the Lottery Commission of South Australia.

South Australia and New South Wales were the first Australian states to introduce instant games in the 1970s. The other states introduced the same in the 1980s. SAL pioneered the Australian launch of Instant Money Games or Instant Scratchies. In 1984, online lotteries were introduced. In January 1989 total sales reached one billion dollars. In 1994, SAL started the Easiplay Club. The club offers improved security for players' prizes among other things. In 2005, SAL contributed AU \$89 million to State

Hospital Funds, bringing its contribution to the state since inception to AU \$1.6 billion.

### **Golden Casket Lottery Corporation:**

The Golden Casket Lottery Corporation of Queensland is owned by the government. It has been functioning for the past 85 years. In 2004 the annual turnover of Golden Casket exceeded AU \$ 813 million and nearly AU \$ 204 million was returned to the government treasury to fund community projects. Started in 1916, the first Golden Casket draw was conceived by the Entertainment Committee of the Queensland Patriotic Fund to raise money for veterans of the First World War. The first draw was held in 1917 and the prize was a casket of gold worth 5000 sterling pounds, which was equivalent to 30 years of salary. The casket was given as prize since cash could not be given as prizes then. The casket would then be bought back by giving the winner the equivalent cash.

Presently it operates the Gold Lotto, Oz Lotto, Powerball, Instant games, the Pools and Casket.

The state does not collect any tax on prizes including the inter-state Bloc games.

The Golden Casket has been contributing towards various community projects. The Motherhood, Child Welfare and Hospital Fund is a major recipient. The others include Bush Nursing Association, 95 maternity hospitals, 150 children's clinics, creche, kindergartens, TB Soldiers' Housing Scheme, Mater Children's Hospital Trust Cancer Campaign Committee and the Australian Soldiers Repatriation Fund - for building Anza cottages for war widows and their families - among others. **Contributions from Golden Casket have made free medical services possible in public hospitals.**

Other beneficiaries of the lottery funds of Queensland are Queensland University, Red Cross, Surf Life Saving Association, Queensland Country Women's Association, Sister Elizabeth Kenny Polio Clinics and Queensland Performing Arts Complex.

## **Victoria:**

Tattersall Sweep Consultation is the lottery operator of Victoria. Tattersalls, Australia's largest private company was founded in 1881. The founder George Adams organised a sweep lottery on the Sydney Cup in 1881. The problems in Bank of van Diemen's Land and a failing Tasmanian economy helped him consolidate his business.

Tattersalls now offers Saturday Tattslotto, Wednesday Tattslotto, Powerball, Oz Lotto, Super 66, the Pools, Tatts Keno and Instant Scratchies. Super 66 is an add-on game to Saturday Tattslotto. The draw machine has six compartments, each holding ten balls numbered 0 to 9. A ball is drawn from each compartment and the six balls give the six digit super 66 number, in the order in which they are drawn.

The Tattersalls company contributes more than AU \$ 600 million a year from its lottery funds. As per the will of George Adams, Tattersalls contributes to various NGOs that are working towards improving the lives of families with terminally-sick kids, providing shelters, educating needy children, and caring for the disabled among others. It provides humanitarian assistance across the globe.

The beneficiaries in the healthcare sector include Royal Children's Hospital, Very Special Kids, Royal District Nursing Service, Alfred Hospital, West Wimmera Health Service, Mental Health Foundation, Gandarra Palliative Care Unit, Northern Hospital, St. Vincents Hospital and Peter MacCallum Cancer Institute.

The charitable institutions that have benefitted include the Australian Red Cross, CARE Australia, MS Society of Victoria, Riding for the Disabled Association, Save the Children, Hartley Lifecare, Mallee Family Care and TLC for Kids.

## **New South Wales:**

The state lottery office, a government-owned corporation was established in 1931 during the Great Depression. The lottery was the

decision of the state government led by Jack Lang. It was intended to fund the State's hospitals. When it was introduced, people queued up to play the game. The draw was conducted in Her Majesty's Theatre in Pitt. The Attorney General Lamaro dipped a scoop to select one wooden marble out of 100,000 marbles.

In 1957, to fund the construction of Sydney Opera House, tickets of \$ 10 each with a prize of \$ 200,000 went on sale. In 1979 Lotto was introduced and it remains the most popular game. It has created 500 millionaires so far. In 1982, Instant Scratchies were introduced. One third of sale value goes to the government and more than 60% is given as prize money. In 1982, an indigenous Random Number Generator was introduced to conduct the draws. Online lotteries were introduced in 1988.

The state sells tickets through more than 1600 outlets. It pays more than \$ 600 million as prize money every year. The Scratchies include Fun Flowers, Pink Panther, Pharaoh Bingo, Monopoly, Win for Life and British Treasure.

## **AZERBAIJAN**

To regulate the lotteries in Azerbaijan Republic, the president passed a decree in November 2001, following which a public corporation by name 'Azerlotereya' was established. Founded under the Ministry of Economic Development, the State Committee on Securities organises the lotteries.

A minimum of 50% on the sale of tickets is earmarked for prizes in all the games. Prizes amounting to less than 50,000 manats are paid by the distributors. Higher amounts are given by Lotto Yavim Company. For the draw of prize-winning tickets, numeric casks or lottotrone machines are used. The draws are telecast live on TV.

Azerlotereya organises an Instant Lottery Qizil kise and number games Aile sevinci, Yay sevinci, Gismet achari and Ugurlu regem with varying ticket prices and prize amounts. In all these games, prizes include money, real estate, automobiles, etc. To increase the interest of people and

to ensure higher public participation, various 'encouraging rounds' with different prize schemes are held. These keep evolving and the public is informed of innovations and additions to each game through the media.

## **BELGIUM**

The lottery of Belgium owes its origin to the financial problems of its colony, the Congo. Charles de Broqueville decided to clear the budget deficit through lottery and a law was enacted in May 1934. The first draw of the Colonial Lottery - as it was known then - was held at Cirque Royal in October 1934. But it was not very successful according to the Management Committee though the press found it otherwise. Too many tickets had been printed and the committee found it difficult to sell the tickets. Steps were taken to overcome these problems.

As early as in 1934, the committee used the media - radio, press and cinema - to advertise the lottery. Well-known graphic designers were commissioned to illustrate posters, leaflets and the tickets to make them attractive to the buyer. Less number of tickets were printed and the price of the ticket was also reduced to half its original value. This fetched expected results. In 1940, the Colonial Lottery brought in 500 million francs, 60% of which was given as prize money and the balance to National Charity for Disabled Ex-Servicemen and twenty other such institutions.

Presently the National Lottery tickets are sold at bookshops, post offices, service stations, supermarkets, cafes, newspaper kiosks and similar establishments. The National Lottery organises a variety of Instant Games with varying prize structures. Astro, Cabrio, Cleopatra, Corso, Loxo, Heads & Tails, Presto, Shoot Goal, Subito and Win for Life are some of the instant games. The instant game of Casino offers four different games namely Blackjack, Jackpot, Craps and Roulette. Three types of number lottery draws are also held. **The National Lottery registers a weekly turnover of 18,750,000 EUR.**

A Grants Department was established to distribute the profits of the National Lottery. The distribution is by Royal Decree, where the king plans

the distribution of profits, based on the proposals from his ministers. A part of the profits goes towards various aid programmes in developing countries, welfare of immigrants and political refugees, poverty alleviation and scientific research. They are also apportioned to the Flemish, French and German-speaking communities of the country as per requirements. Beneficiaries include National Disaster Fund, The King Baudouin Foundation, Third World Survival Fund, Special Olympics, Queen Elisabeth Musical Competition, Red Cross, the Reception Centre to combat trafficking of humans, ChildFocus, etc.

For better publicity, the National Lottery has also been sponsoring many events under a separate scheme. The Grand Prix and Cycling Race of Walloon, Pino Cerami Grand Prix, Meuse Marathon, Van Damme Memorial Athletics, Cross Cup for cross-country race, Motocross Championship, Belgian Wheelchair Tennis Open, Belgian Mountain Biking Cup, International Triathlon are a few of the number of sports championships the National Lottery has sponsored. It also sponsors cultural events ranging from music, literature, cinema, theatre to plastic arts. On the literary side it sponsors 'Espace Jeunes Auteurs' competition for writers and the Chiny Tale festival. It sponsors Jazz, Rock, Classical and Folk music festivals and competitions, various fine arts exhibitions and films under various categories such as science fiction films, thrillers, animated films, etc.

## **CAMBODIA**

Cambodia Lottery Corporation Limited (CLC) was incorporated in 1992. Under the purview of National Committee for Foreign Investment and Ministry of Finance, CLC has the licence to operate the lotteries. CLC offers seven number games, namely Magnum, CLC, Phnom Penh Numbers, Warisun, Vietnam and Fortune. A 6/29 Lotto and a modern version of a Chinese game by name '36 Flowers' are also offered. In July 2003, in association with WinWin Gaming Inc. of Las Vegas, it launched its first scratch ticket game named 'Pay Day'.

## **CANADA**

### **Atlantic Lottery Corporation:**

Atlantic Lottery Corporation (ALC) was established in 1976 by the governments of four Atlantic provinces. Shareholders of ALC are Lotteries Commission of New Brunswick, Nova Scotia Gaming Corporation, Prince Edward Island Lotteries Commission, Province of Newfoundland & Labrador.

ALC offered only one game in the beginning, known as A-1. ALC has a few 'firsts' to its credit. It was the first to start 'spiel' game in Canada, known as TAG in local parlance. It is also the first to introduce video lottery in Canada and a combo instant / pull-tab ticket. The game Twice Lucky has scratch game on one side and a tab ticket on the other. In 1983, the first instant game Tic-Tac-Toe was introduced. Loto 50, a 6/ 49 Lotto, Bannco Scratch, Bingo, Keno, Set for Life Scratch and Pay Day are some of the other games being offered.

ALC has introduced a Bank Validation Line so that players can claim their prizes at Bank of Nova Scotia. Upto \$ 250, the prizes can be collected at retail outlets, upto \$ 10,000 at Bank of Nova Scotia and more than \$ 10,000 at ALC offices.

ALC supports charitable organisations such as Junior Achievements and Childrens' Wish and sponsors events such as Corner Brook Triathlon, Women's Basketball Championship, Junior Men's Hockey Championship, etc.

### **British Columbia Lottery Corporation (BCLC):**

BCLC operates lotteries across the British Columbia. Since its inception in 1974 it has contributed more than \$ 6 billion for community causes, charities and sponsors events. Gaming Policy & Enforcement Branch distributes these government gaming grants. Casino gaming also falls under the Corporation. From its revenue through lotteries and casino, it distributed resources to more than 6000 charitable and community organisations. Each year \$ 4 million of the revenue is allocated for

programs addressing problem gambling. In 2005, BCLC contributed \$ 914 million for various welfare activities and \$ 8.3 million to the Canadian government. BCLC supports Orphaned Wildlife Rehabilitation Society, BC Wheelchair Association, Nanaimo Marine Rescue Society and Pacific Assistance Dogs Society.

In 1991, the Corporation introduced Automated Draw Machines to select the winning numbers.

BCC operates a unique Living Large Lottery. The \$ 20 ticket has three portions that can be redeemed independently and an additional scratch area. The options are Bonus Internet Contest, Early Bird Option and Main Draw. A 6/49 Lotto, BC 49, Daily 3, Super 7, Keno, Ka-Chingo and Chaser are the other lottery games being offered.

## **CHINA**

When People's Republic of China was formed in 1949, the government banned all forms of gambling. Then in 1987, Break-open instant tickets were sold. With the growth of the Chinese Lottery, sophisticated machines and software have been introduced and **the Chinese games are now sold in Russia and other CIS (Commonwealth of Independent States) countries.**

China operates two lotteries namely, China Social Welfare Lottery (CSWL) and the China Sports Lottery (CSL). A study in 2000 revealed that in less than two years, 11 billion yuan worth of welfare lottery was sold, which was 650 times that of the lottery sale in 1987, the inaugural year of the lottery.

Since 1987, the Welfare Lottery has contributed more than 10 billion yuan to the Welfare Capital. This has benefitted 81,000 welfare projects including 103 welfare institutions for children and also facilitated 2000 disabled children's treatment. In 2001, it launched its first nationwide lottery to raise funds for the benefit of elders. This lottery helped 15,000 laid-off workers get employment as ticket sellers. It also ran special lotteries in 2001 to celebrate Spring Festival and Lantern Festival.

Initially the prizes were paid in kind as cars and appliances, but they did not earn enough revenue. Hence in 1999, the Ministry of Civil Affairs, running the welfare lottery decreed that prizes should be paid in cash.

**National Sports Lottery helped Chinese athletes win 28 gold medals in the Olympics by providing funds for training facilities. In 2002, China launched World Cup Lottery for the first time when the country entered the World Cup Football finals.**

In 1999, Shanghai Fengcai Lottery was inaugurated to conduct online lottery. The government introduced the concept of Electronic Lotteries in 2002, enabling players to buy and pay for their tickets over phone. **The Local Tax Bureau of Beijing introduced a Receipt Lottery, held among numbers of receipts for goods purchased by customers. This was done to lure customers to taking receipts since taxes can be collected from shop owners, based on receipts.**

In May 2004, lotteries were suspended following a scandal. Two months later they were resumed with the launch of scratch tickets.

## **CYPRUS**

Cyprus Government Lottery was established in 1958 under the purview of the Ministry of Finance. Lottery operations were suspended in 1960-61 during the country's freedom struggle and were resumed again. Number and Instant games are being offered now. 41% of the ticket sales goes to the government for economic and cultural development purposes. Arts & culture, education and sports sectors benefit from lottery funds.

## **CZECH REPUBLIC**

The State Committee for Physical Education and Sport founded SAZKA in August 1956 to organise betting based on results of sports matches. The profits were earmarked for the support and development of sports and tourism sectors. It was earlier being carried out by the State Betting Office STASKA till it was wound up in 1956. In 1992, after the fall

of communism, two states - the Czech Republic and the Slovak Republic were formed. SAZKA a.s is operating games in the Czech Republic and SPORTKA a.s in Slovakia.

In 1956, SAZKA organised its first betting game Sazka. In 1957, it started its first number lottery Sportka. The two games still continue.

In 2002, SAZKA introduced Keno, with a draw every five minutes. Revenue from Keno draws held between August and December were donated to victims affected by floods. The other number lotteries include a 6/49 Lotto type Sportka, a 5/40 Sazka 5 ze 40, Sance (Joker), Stastnych 10 and Sance milion. Number lotteries account for 88% of the overall revenue from lotteries.

The games based on sports betting are Sazka, Sazka Select, Skore Plus and Sazka na viteze. SAZKA offers seven Instant games namely, Trezor, Stastna cisla, Srdicko, Horoskopy, Sberateleska loterie, Panna-orel and Casino.

The main objective of SAZKA is to fund Czech sports and physical education. It also supports educational, social, cultural, healthcare and other charitable projects. In ten years it has contributed CZK 10 billion for these causes, Our Child Foundation - Safety Line Sazka Foundation and Bone Marrow Transplant Foundation being the important one. SAZKA has been voted to the top slots of 100 successful companies of the Czech Republic under various categories.

## **DENMARK**

The Danish lottery Dansk Tipstjeneste was founded in July 1948, a month after the Danish Parliament passed a special Danish Pools Act. The Danish State, the Danish Sports Federation (DIF) and the Danish Gymnastics and Sports Association (DGI) hold 80%, 10% and 10% of the Dansk Tipstjeneste shares respectively. For more than forty years, Tips 1x2 - a soccer pool game was the only one. After passing of a few legislations, number games, sports games, scratch card games, horse and greyhound races games and online games were introduced.

The Danish lottery has an annual turnover of 8 million Danish Krone. As per the rules laid down by Danish parliament, the Lottery Funds are distributed to National Federation of Danish Organisations for Disabled Persons, sporting and cultural activities, charitable organisations, National Organisation for Combating Diseases, youth activities, non-profit organisations, Team Denmark, Denmark's Olympic Committee and National Educational Associations.

Presently 4000 retailers sell the various games of the Danish lottery. Number games cover the largest business in Denmark's lotteries and nearly 70% of the revenue comes from them. Sports games account for 18% and Scratch card games account for 14% of the total revenue. A soccer pool game named Tips, a race betting game called Oddset, a football / ice hockey game Maljagt are the sports games. Danske Spil, the lotto game and Keno were introduced in 1989. Quick, launched in 1992 was Dansk Tipstjeneste's first scratch card game. Denmark's online lottery was introduced in 1990. In 2001, a game shop concept with gaming machines was introduced. The concept is known as Pitstop and nearly thirty Pitstop cafes are being operated in the country now.

In 2004, more than 1.6 billion Danish kroner were spent on good causes.

## FRANCE

The first recorded lottery of France was created by King Francois I around 1505. The lotteries were then forbidden for two centuries.

By the end of 17th century the lotteries reappeared as public lottery, named as Loterie de L' Hotel de Ville for the Paris municipality and as private lottery for religious orders. **In the eighteenth century, lotteries funded religious congregations, helped build and renovate about fifteen churches, including St. Sulpice.** The king then gave permission to the religious orders to operate lotteries, thereby avoiding funding of their activities. But as the lotteries brought good revenue, the monarchy and the church fought for control of the lotteries.

Then in 1774, the Loterie de L'Ecole Militaire was founded by the Monarchy and barring a few small private lotteries the rest were banned. Loterie de L'Ecole Militaire was started by Madame de Pompadour to buy what is now known as 'Champ de Mars' in Paris and establish a Military Academy. Napoleon was a student of this academy. A few years later the lotteries came to be known as Loterie Royale de France. They accounted for 5 to 7 % of the state revenues.

Then after the 1789 French Revolution, all state lotteries were banned in 1791. In 1936, when the country was ruled by socialists, they introduced 'loto' to increase state revenues. The state lottery was rechristened as La Francaies des Jeux and has a monopoly.

La Francaise des Jeux is a semi- public company, with the state owning 72% of the shares. Of the rest, 20 % is owned by lottery issuers, 3 % by agents and 5 % by company employees. The government authorises the games, fixes duties and taxes and approves the company's budgets.

## **GHANA**

Ghana's Department of National Lotteries was founded in 1958. It offers Lotto type games and a scratch ticket game named 'Penalty'. Private operators also conduct lotteries. The government proposed to ban the private lotteries, but in the face of opposition from the private operators, it withdrew the Gaming Bill in 2003 that sought to impose the ban. In 2003, the **National Lotteries started a new game 'Social Raffle'. Along with this lottery, a few innovative ideas were implemented. As per this scheme, revenue from each draw of the game would be allocated for specific social projects. The winner has to choose the specific project for which the revenue should be utilised. The winner's name would be inscribed in the school or hospital or any other project that benefited from the lottery revenue.**

## **HONG KONG**

The Hong Kong Lottery is operated by the Royal Hong Kong Jockey Club (HKJC). With a license from Hong Kong Lotteries Board, HKJC has been

functioning since 1915. Since then the club has contributed substantial amounts towards charitable and other causes. Working with the motto of 'Racing for Charity', the HKJC Charities Trust distributes funds for sports, recreation, culture, education & training, community services, medical and health sectors. **In 2003, during the SARS epidemic, the Trust donated HK \$ 125 million to Kindergartens, schools and community health care centres to implement preventive measures and HK \$16 million to Ruttonjee & Tang Shiukin Hospital.** It has launched 'Jockey Club Arts for the Disabled' to develop the creative and artistic talents of the disabled. In 2006, it has donated millions of HK dollars for improving the environment, summer internship programs of students, constructing accommodation facilities for students of Hong Kong University and various other programs.

## HUNGARY

Hungary has a lottery history that goes back to more than two hundred years. Its first lottery was conducted in Buda in the year 1770. After a few breaks, the modern games started in 1947 when the Pools were introduced. Pools continue to be the most popular game in the country, followed by a five-number draw lottery introduced in 1957. Earlier the lotteries were organised by Orszagos Takarekpenztar, the National Savings Bank. Then in 1991, an exclusive state-owned gaming company Szerencsejatek Rt. was established.

As a security measure the company stopped manual evaluation of the processes. Luxor, a Keno type lottery was introduced in 2001. Tickets are sold through post offices, commercial outlets, newspaper vending kiosks and co-operatives. The tickets are sold more through the post offices than other establishments. In 2000, Szerencsejatek conducted a Millenium Close-Out Lotto on NewYear's Eve. The company conducts Toto Pools, a 5/90 Lotto, a 6/45 Lotto and Instant games.

Funds are allocated for leisure and sporting activities, Hungarian Olympic participants, welfare and cultural purposes, reconstruction of villages affected by flood and children's hospitals.

## IRELAND

When the Irish government had to build hospitals in the early 1900s but did not have sufficient financial resources, it decided to establish the Irish Sweepstakes. Gambling at that time was illegal in many countries, including the US and Canada. Horse races were common then and the Irish people especially were fond of it. So, the Irish government established a lottery by linking the results of the horse races that were held four times a year. Those who had purchased the tickets tied to the winning horses were the winners. The tickets were sold in the black market even outside the country. Initially it was very popular. When other countries legalised gambling, the Irish Sweepstakes started losing their popularity. So, the Sweepstakes were stopped in 1987, by which time, they had contributed 135 million pounds for the hospitals and 265 million pounds as prizes. Then in 1988, the government introduced the 6/42 Lotto. The Irish Lotto Jackpot rolls over and the payment is tax-free.

## ISRAEL

*Mifal Hapayis*, the Israel National Lottery was started in 1951 as a private non-profit company. In the 1940s, tens of thousands immigrated to Israel and the country's economic situation was poor. To overcome the financial difficulties, mayor of Tel Aviv Mr. Yisrael Rokah thought of floating a municipal lottery. The revenue could be used to improve healthcare since most of the immigrants were ill or elderly. Rokah's idea was approved by the government and implemented.

Since its inception in 1951, ***Mifal Hapayis* has contributed over NIS 213 billion (more than 5 billion dollars ) for education, healthcare and social welfare.** The Lottery which is under permit from Ministry of Finance is owned by eleven municipal authorities. It gets an annual revenue of NIS 2.8 billion.

As a security measure, *Mifal Hapayis* prints its lottery tickets abroad, to prevent forgeries. The Israel National Lottery has ten main distributors and 2500 outlets, out of which 800 are specially designed Lottery Booths

that sell only lottery products. Much importance is placed on the appearance of these booths and to encourage the distributors, prizes are given for the 'Most Attractive Booth'. To ensure efficient and smooth functioning of the lotteries, the management of Israel National Lottery conducts various training programmes and workshops for sellers, distributors, marketing personnel, etc. It also publishes a newsletter by name '*Mazal Tov*', meaning Good Luck.

The lottery earnings are used in the fields of healthcare, warfare, formal and non-formal education, culture and art. *Mifal Hapayis* has established hundreds of kindergartens and schools, community centres, clinics, dental care clinics, geriatric centres, public community libraries, labour and welfare institutions, rehabilitation centres for substance abusers and metropolitan centres for art and culture. Since 1988, the national lottery has been contributing towards purchase of computers under 'A computer for each child' scheme. A central library with a special section for the visually impaired, a Writer's House named Beit Hasofer and a multipurpose Sports Arena are also being set up with the proceeds of the National Lottery.

## **JAMAICA**

The Betting, Gaming and Lotteries Commission of the government of Jamaica licensed Sports Development Agency as a gaming operator in 1991. The company started its operations by selling 'Scratch & Win' tickets. Then in 1994, a publicly held Jamaica Lottery Company was authorised by the government to conduct the games. 7.5% of the Lotto sales is given to the Sports Development Foundation which supports various sports activities.

Over the years various games were introduced and presently Lotto, Pick 3, Scratchers, Tic Tac Toe, 3 way Drop Pan and World Football are on offer.

In 2003, Jamaica introduced tax on lottery winnings. The lottery funds have helped various organisations, some of them being the Diabetes

Association, My Father's House - a home for the physically and mentally challenged, Emergency Disaster Management Department, Red Cross and many educational institutions. Each year Jamaica spends approximately \$ 20 million on worthy causes.

## **JAPAN**

Japan's lotteries can be traced back to the 1630s. They were banned and revived at various points of time till a complete ban was ordered in 1842. Then in 1945 the lotteries were revived just before World War II came to an end. They were revived to fund the war and also the post-war rebuilding of the nation. The first sale of the revived lottery was in October 1945, immediately after the war. The lottery was named as *Takara-kuji*, meaning 'fortune' or 'treasure'. The next year, the local governing bodies were allowed to conduct lotteries, and **even today the lottery revenue forms a significant part of the local governments' budget.**

Japanese law has stipulated that the operation of the lottery - the entire process, from printing of tickets to distribution of prizes - should be carried out by a bank. Although many banks are involved in the running of the lottery, the Dai-Ichi Kangyo Bank plays a major role.

Japan's lotteries are broadly classified as the Traditional Lotteries with tickets having pre-printed numbers and Modern Lotteries where the player can choose the numbers. Other recently introduced games include an Instant Lottery and a Double-Chance Lottery that combines the conventional and instant types.

There are six major lottery types. The All-Japan Lottery tickets are sold throughout the country and a draw is held every month. The 'bloc' lotteries are weekly in nature and are sold in the four bloc regions of Japan - namely, Kanto-Chubu-Tohoku region, Tokyo Metropolitan District, the Kinki region and the West Japan region. The sixth type is the Local Medical Care Promotion Lotteries - popularly known as the Rainbow Lotteries - sold in designated regions. Proceeds from Rainbow Lotteries are utilised in upgrading facilities at the Jichi Medical School, established to promote

healthcare in rural areas. The revenue is also used for a geriatric welfare society. The Rainbow Lotteries are held nine times a year. Other than these regular lotteries, an 'Event Lottery' was created in 1989. This is an Instant variety and can be sold only in exhibition venues and in events sponsored by local governments. The Japan Jumbo Draw held four times a year is the biggest draw in Asia and comes only second to Spanish El Gordo. In September 2006, the Ogaki Kyoritsu Bank Ltd. plans to offer roulette at its ATM outlets.

**Research has shown that receipts from illegal betting and other similar games could be as big as Japan's auto industry. So the government has legalised betting on horse, boat and bicycle races and in 2001, introduced 'Toto' a betting game on professional soccer. Toto is also available on the internet. Toto registered an impressive sale of 64.2 billion yen in its first year.**

## **KAZAKHSTAN**

National Lottery of Kazakhstan was established in 1998. The country also has many private lottery operators. But the government lottery's revenues are utilised for funding social projects. A 5/36 Lotto, a 6/40 Lotto and Pick-5 are the popular games in Kazakhstan.

## **LEBANON**

Lebanon's original lottery game is *ya Nassib*, which had its beginnings in the 1950s. The National Lottery Directorate continues to operate this popular 4D game. The Directorate prints 200,000 *ya Nassib* tickets per week.

The other games operated by the Directorate are Lebanese Loto and Scratch games *Malayeen*, *Torrah Na'cheh* and *Jnoun*. *Malayeen* was introduced in February 2003. The immense success of the game prompted the Directorate to launch three other Scratch games in October 2003. The *Malayeen* ticket, priced at LL 2500 has 6 squares. If the squares reveal three similar sums on scratching, the player wins the mentioned amount. If three of the squares reveal TV symbols, the player gets to participate in a TV

show. In the show the player gets the chance to turn a wheel where he can win between LL 5 millions and LL 150 millions.

In *Torrah Na'cheh*, the player places a bet on a *Torrah* or a *Na'cheh* card. If his scratch card reveals the card on which he placed the bet, he wins the amount indicated in the card.

In *Jnoun*, the scratch card has six squares on the left and one on the right. The one on the right has to be scratched. If the revealed number matches any one of the six numbers on the left, the player is entitled to the mentioned prize amount.

*Ya Nassib* is a paper lottery having five numbers and a series represented by an alphabet. A weekly draw game, *Ya Nassib's* ticket is priced at LL 6000. The player has the option to buy half-a-ticket at LL 3000. Naturally the prize money is halved, if the player wins.

Prizes less than LL 400,000 can be collected from retail outlets. Higher amounts are paid directly by the Lebanese National Lottery.

New games can be launched only after getting the approval of the Lebanese Ministry of Finance.

## **MALAYSIA**

Government of Malaysia incorporated Sports Toto Malaysia Sdn. Bhd in 1969. In 1985, it changed its status from a state-owned enterprise to a private company. Sports Toto offers Digit-type games namely, 4D, 5D and 6D and Lotto-type games such as Toto 4/49, Toto 6/42, Jackpot and Super Toto 6/49.

Since inception, it has contributed towards the promotion and development of sports, youth welfare and cultural activities. It also contributes to charitable organisations for the sick, elderly and the needy.

Prizes up to RM 10,000 are paid in cash by the retailers. In Malaysia, lottery winnings are not taxable.

## NETHERLANDS

Netherlands State Lottery '*Staatsloterij*' has the distinction of being the world's longest running lottery. It was established in 1726 and continues to be operated. Many private lotteries were also being operated. In 1848, the government prohibited the private operators from running lotteries. In 1905, Lottery Act was passed, granting permissions to run lotteries for charitable purposes. But till 1961, charity lotteries were permitted to pay prizes only as goods and services and not as money.

The Totalisator Act legalised horse betting in 1948. In 1961 the Lottery Act was amended, legalising sports betting. Also charity lotteries were permitted to pay prizes in money. In 1994, instant lotteries were introduced.

The Gaming Board, under the purview of the Department of Justice, supervises the gaming monopolies namely, Netherlands State Lottery, De Lotto and the National Good Causes Lotteries which consist of Bankgiro Lottery, National Postcode Lottery and Sponsor Lottery.

The Dutch government gives license to a different operator for each game. For instance, Instant Lottery is operated by *Stichting Nationale Instantloterij* (National Instant Lottery Foundation) and Lotto by National Sport Totalisator Foundation. In Instant Lottery, a minimum of 47.5% of ticket sales is offered as prize money. Lotto's prize money varies between 47.5% and 50%. Proceeds from Lotto benefit the Association of the Dutch Olympic Committee and Dutch Sports Federation.

*Staatsloterij* levies a tax of 25% on the gross amount of both Dutch and non- Dutch bettings.

In March 2003, a New Gaming Act was passed whereby the number of licenses to operate charity lotteries could be increased. A method of certification has also been introduced so that only certified organisations receive and distribute lottery proceeds.

In 2005, State Lottery contributed 1379 million Euro for the State General Funds, the Bangkiro Lottery gave 532 million Euro, Sponsor Lottery gave 361 million and Postcode Lottery gave 2177 million Euro. These funds are used for cultural, environmental, public health, social welfare, physical education and humanitarian projects.

## NEW ZEALAND

The New Zealand Lotteries Commission (NZLC) established in 1987 is a Crown Entity, i.e., owned by the crown. The country's only gaming provider, it is governed by the Gaming and Lotteries Act. Objective of the Commission is to raise money for community causes. The revenue raised is distributed through New Zealand Lottery Grants Board. Regulations for the games are implemented by the Department of Internal Affairs.

A 1985 Sports Development Enquiry report 'Sport on the Move' projected the potential of Lotto as a source of revenue. So with the founding of NZLC, Lotto was introduced. The other games being offered now are Golden Kiwi, Instant Kiwi, Lotto Strike, Keno and Powerball.

**Due to the large-scale community funding it undertakes, New Zealanders perceive lottery as entertainment than gambling.** In a survey of public sector undertakings, NZLC was ranked after the Fire Service, Police and Armed Services, indicating its popularity. Since 1987 the Commission has contributed \$1.7 billion to the Lottery Grants Board.

## NORWAY

Norway's lottery operations are conducted by the government-owned *Norsk Tipping*. It operates three number games namely, a 7/34 Lotto, 6/48 Viking Lotto and Joker. In Joker, the player's registration number is used as the chosen number. *Tipping* is a soccer pool game where the results of the soccer games have to be forecast. Options of forecast are half-time results and end of ordinary match time. Another game of skill is *Oddsens*, which include games such as *Langoddsen*, *Oddsbomben* and *Vinneroddsen*. Scratch ticket games are sold under the name of Flax.

Income generated by lottery goes towards the development of sports and culture. Periodically, funds are allocated for research activities also.

## **SINGAPORE**

After independence in 1960, Singapore had to tackle the problem of illegal gambling syndicates. So in 1968 Singapore Pools was set up as the country's legal lottery operator. The first game to be introduced was a manual version of Toto. Over the years, Singapore Sweeps, 4D games, a 4D Sweep, football betting games SCORE and STRIKE have been introduced. SCORE is a football betting game on the matches between the local clubs while STRIKE is a betting game on international football league matches.

The Singapore Totalisator Board was established in 1988. It holds the legal right to operate games such as 4D, Toto and Singapore Sweep through its agent and wholly-owned subsidiary Singapore Pools Private Limited.

Since 1968, Singapore Pools has contributed more than \$ 1.5 billion for various projects. The Singapore lottery funds are utilised for charity, sports and community service. Under its charity contribution, National Council of Social Services (NCSS) has been a major beneficiary. NCSS has more than 200 voluntary organisations under its wings, catering to the welfare of the physically and intellectually challenged, homeless, elderly and other needy people. It also contributes to non-profit health organisations dealing with kidney research, bone marrow donor programmes, home nursing and drug abuse, Society for Prevention of Cruelty to Animals and Red Cross among others. In 2006, NCSS received \$ 12 million from Singapore Pools for these projects.

Under the community services programme, lottery funds are contributed to the famous Jurong Bird Park, Singapore Zoo, Night Safari and other parks. Singapore Pools contributed \$ 409 million for constructing the Esplanade Theatre on the Bay. Besides supporting a myriad of public and community projects and educational services, it also supports the National Day Parade, Anti-Drug Abuse Campaigns, Road Safety Outreach Programs and Crime Prevention Programs. Under the sports program, lottery funds support various sports associations - football, basketball,

hockey, rugby, TT, swimming, squash, sailing, chess, mountaineering, etc. It has contributed 14.5 million Singaporean dollars towards the construction of the National Stadium between 1968 and 1976 and 45 million Singaporean dollars between 1986 and 1989 towards the construction of Singapore Indoor Stadium. **It also helps the Singapore Olympic Council to send players for Olympics, SAF, Commonwealth and other international games through its Multi-Million Dollar Award Program.** In 2006, the Pools contributed \$ 375 million towards these sporting activities. It has enabled seven athletes to train for the Olympics to be held in Beijing in 2008.

## **SOUTH AFRICA**

South Africa's National Lottery is regulated by The National Lotteries Board. *Uthingo*, a public company with many shareholders including three major lottery operators of UK, USA and Australia is the licensed operator.

The National Lottery Act was passed in 1997 by the South African Parliament. The then president Mr. Nelson Mandela accepted the same.

The selected retailers are required to go through a training program after signing the Retailer Agreement. Only then the retailers are allowed to sell or validate tickets and pay prizes. Prizes from R 2001 to R 50000 can be collected from Authorised Prize Payment Centres by producing a claim form. Prizes of higher value have to be collected from the National Lottery office. When a prize of over R 500,000 remains unclaimed, the operator alerts the public through the media.

The lottery funds are distributed through the National Lottery Distribution Trust Fund. The funds are distributed as 15% to reconstruction and development programs, 36% to charities, 22% to arts, culture and national heritage, 22% to sports and recreation and the rest to various other programs. In 2002, 853 charitable organisations including Old Age Homes, Day Care Centres, Child Welfare Societies, Benevolent Funds, and Baby Care Centres were benefitted. As many as 139 organisations working towards popularisation of arts and 250 sports organisations were also benefitted.

Player Thusong is a toll free helpline for enquiries and requests. The Board offers Lotto, Lotto Plus and *Wina Manje* (Win Now) scratch games. Some of the popular games include Tic-Tac-Toe, Mzansi Gold, Skor a Goal, Bonanza Buck and Cash Explosion. It also conducts a Win-a-Lot Competition for non-winning tickets, with prizes ranging from clothing or grocery vouchers to cars.

## SPAIN

The National Lottery was born on September 30, 1763, when Carlos III signed an act made by the Marquis of Esquilache. The act mentioned that the council of ministers felt it suitable to establish a lottery in Madrid as in Roma's Court and other countries. **The Marquis offered his royal property as security that could be mortgaged in case of insufficient funds in the Treasury.** The act decreed that the profit should be used for hospitals, orphanages and other such public purposes. It also laid down rules, one of them being that the selection of winning numbers had to be done in the Government Hall of Treasury Department and after the Marquis' office hours to ensure fidelity. There were four types of bets namely *Simple Extracts*, *Fixed*, *Ambo* and *Terno*.

In the draw that took place on March 9, 1771, a seven-year old student Diego Lopez of San Ildefonso School extracted the prize winning numbers. And the tradition of an alumnus of the school picking the winner continues.

The progenitor to present day lottery was established in 1811 by Cadiz Courts and the first draw was held in Cadiz in March 1812 with an issue of 20,000 tickets. Presently the country holds National Lottery, *La Primitiva*, *6/49 EG Primitiva*, *6/49 Euromillones*, *el Gordo del Verano* or the Summer Fat One, a soccer pool game *La Quiniela*, *El Gordo de Navidad* or the Fat One of Christmas, *Bonototo* and *Quinigol*. Of all the games, the Fat One of Christmas is the most traditional game and it is almost a habit with everyone to play this game on December 22. It originated in December 1812 and got its name in 1892. The decision about the prize amount and the series are chosen in February and March after which the tickets are

printed in the Spanish National Factory of Coin and Stamp. During the draw, boys and girls of San Ildefonso's School sing the numbers and the prizes.

The government has enabled citizens living outside Spain also to participate in the draws. The lottery prizes are tax-free.

## **SRI LANKA**

In the early 1900s, private lotteries were in operation in Sri Lanka. In 1933, Mr.K.M. Chellapah started a free library in his house. The next year it became a public library and its popularity increased. To house it in a permanent building, the first Mayor of Jaffna, Mr. Sam Sabapathy decided on selling lottery tickets to raise funds. The large sums collected enabled the construction of the Jaffna Library building.

The present day lottery sector in Sri Lanka has been under state control for the past four decades. Two state-owned enterprises, National Lotteries Board (NLB) and Development Lotteries Board (DLB) are controlling the operations. NLB operates six draw-based lotteries that are held seven days a week. It also has three scratch card games including Sevana Scratch Lottery that is being conducted separately, though under the NLB. Draws of the oldest lottery Saturday Fortune are being telecast live on TV since 1987.

In 2002, the government decided to get private players to operate the lotteries under the regulations and control of the Lotteries Boards. The chosen private operator had to pay Rupees three billion as initial payment and agree on the sharing of revenues, with a minimum of US \$15 million per year, for a contract period of seven years.

In January 2004, the DLB increased the jackpots of its Shanida Vasana and Sanwardena Vasana lottery schemes and launched a new lottery by name Jayoda. The DLB's contribution to the President's Fund was Rupees 750 million in 2003. *Jayoda's* prize scheme includes a Rupees one million jackpot and many household appliances to attract players. The draws for the latter are done district-wise and separately.

**The government had launched the Mahapola Lottery in 1980 to help talented children from economically weak background to pursue higher studies. After a brief gap, it was relaunched in 2004. The then Trade and Shipping Minister Mr. Lalith Athulathmudali was the brain behind using lottery to grant scholarships. Presently, funds from the Mahapola Lottery provide about 7000 to 8000 scholarships per year.**

In December 2004, online lotteries were introduced, the proceeds of which are used for education of deprived children through Parliamentary Scholarship Fund.

## **SWITZERLAND**

Switzerland Society is the French-speaking part of Switzerland. The Society's lottery was created in 1973 by the cantonal or district governments of Vaud, Valais, Fribourg, Neuchatel and Geneva. The canton of Jura joined in 1979. This lottery is known as Loterie Romande or LoRo.

In 1978 *Loterie Romande* introduced its first scratch ticket. Between 1978 and 2004 various scratch games with different prize schemes have been introduced. Presently there are fourteen scratch ticket games, some of them being *Cado*, *Drapo*, *LeMagot*, *Pyramido*, *Rento*, and *Tribolo*. The prizes range from a minimum of five francs to a maximum of 500,000 francs as in *Carton* and 650,000 francs as in *Rento*. While these are the scratch varieties, *Le Ticket* is an instant ticket variety that has to be torn to check for the winnings. *Mozaic*, introduced in 2002 is a lottery game with CD-ROM. The number found on the scratch ticket is only a code. This code has to be entered into the computer and then the game has to be played as per the rules of the game on a CD-ROM.

The country also introduced games online in 1989. In 1991 *PMU Romand* was introduced as a betting game on Swiss and French horse races. Since 1998, games on some British and American races have also been on. The player has to select between 1 and 9 cards out of 36. Banco and Loto Express are variations of keno, with the draw of Loto Express

being held every five minutes. The Swiss Lotto has been in the field since 1997. Tactilo is a modern version of scratch ticket. The players can scratch instantaneous scratch tickets like *Tribolo*, *Megalo*, etc. on a touchscreen.

The profits after payment of prizes and overheads go in aid of social work, culture, environment, tourism, heritage and research. Nearly 1.3 billion francs have thus far been used for the above-mentioned works since the beginning of *Loterie Romande*. The games of *LoRo* are patronised by 55% of the population of the Switzerland Society. The law states that a minimum of 50% of the revenue should be earmarked for the prizes. The present redistribution ranges from 50% to 70%.

## THAILAND

Thailand's first lottery was held as a part of the birthday celebrations of King Rama V. In 1917, a lottery was organised to fund Thailand's army operations along with the Allies in World War I. **The lotteries of 1932 financed the charity works of the Thai Red Cross.** The Thai government used to levy Drafee Tax on Thai males who wished to forego compulsory military service. When this tax was abolished in 1934, there was a deficit and the government organised lotteries to generate revenue. In 1934, lotteries were introduced in the provinces to finance the projects of Provincial Municipalities. In 1939, the lottery operations were transferred from the Revenue Department to the Ministry of Finance.

The Lottery Office prints fourteen million tickets for its bi-monthly draws. For the same draw, it also prints two million tickets for the cause of sports promotion and seven million tickets for charitable organisations.

The Lottery Office contributes 4,000 million baht to the treasury every year. It helps undergraduates through a total of 440 scholarships each of 20,000 baht value. Another 8 million baht a year are allocated for charities and 20 million baht a year for Welfare Fund of Civil Service and Military Personnel, Welfare Council of Thailand and the War Veteran Association.

The government proposes to computerise the operations, enabling players to buy lottery and collect prize money through the ATMs of commercial banks.

## TRINIDAD & TOBAGO

The National Lotteries Control Board (NLCB) was established in 1968 under the purview of Ministry of Industry and Commerce. Later it came to be under the Ministry of Finance.

Lottery games conducted by NLCB include *Play Whe*, Lotto Plus, Cash Pot, Lotto Classic, *Donsai* and Pick Two. *Play Whe*, originally known as *Whe Whe* or *Chinapoo*, was brought to Trinidad by Chinese immigrants. It is a 1/36 game. Lotto Plus is also a 1/36 game with an additional powerball number. Cash Pot is the local version of Bingo. Lotto Classic is the oldest paper lottery game and its draw was telecast live on TV in 1969. Profits generated by Lotto Classic are paid into the Consolidated Fund. Lotto Classic's tickets were originally supplied by *Impressora Technica* of Venezuela. In 1983, due to foreign exchange constraints, the Board started printing the tickets locally.

Instant lotteries came into operation in 1988. Profits from instant lotteries are paid into the Sports and Cultures Fund. Instant tickets were supplied by an English company. Due to foreign exchange problem, the games were not continued. Then it was relaunched in 1995. To increase sales, various schemes such as Losers Draw, Second Chance Draw, Early Bird Draw, etc. are held. Online games were introduced in 1994.

The objectives of the Board are to generate income for the government, provide employment opportunities by appointing agents, retailers and employees and benefit people through the prize schemes. The Bumper version of Trinidad and Tobago called Extra Ordinary Draw was conducted in 1970 with a prize of \$100,000. The tickets were sold out within a week. This prompted NLCB to conduct Extra Ordinary Draws with \$1,000,000 prize, Giant Special Draw with \$250,000, Super Giant Draw with \$500,000 and Special Million Dollar Draw with \$1,000,000 prize during Carnival, Easter, Independence Day and Christmas.

The subsequent success of the lotteries prompted the Board to increase the agents' commission from 15% to 17%.

## UNITED KINGDOM

Though a late comer, National Lottery of the United Kingdom is the most successful among the entire lottery operating countries. The National Lottery Commission regulates the National Lottery. Till 1999, Office of the National Lottery (OFLOT) was in charge of the regulation. The role of the National Lottery Commission is to monitor the performance of the operator Camelot, ensure smooth operation of the lotteries, look after player protection and maximise returns.

The operator has a license to operate the lotteries till 2009. It is a private company owned by five shareholders. It retains less than 0.5% of sales. It supports research on problem gambling and organisations that tackle gambling through prevention programs, guidance and counselling. It has donated 250,000 pounds to Gamcare, the centre for counselling to gambling related problems. It has also been bringing out 'social reports' since 1999. This is a social and ethical audit on the impact of the operator's activities. It also has enhanced services for disabled players such as information in Braille, play stations with low tables, training retailers to help the disabled, etc.

The lottery products are sold through 33,000 retailers. Prizes up to 200 pounds are paid by the retailers. Some of the post offices are authorised to pay up to 50,000 pounds. It also offers professional help to winners of huge prizes.

The lottery revenue is distributed by the National Lottery Distribution Fund. **In the ten years of its existence, over 18.6 billion pounds has been raised for Good Causes, benefitting more than 165,000 projects in the UK.** The lottery has created 1600 millionaires.

A 6/49 Lotto was the first game to be introduced and continues to be its flagship game. In Lotto Extra, the jackpot is allowed to roll over till it reaches 50 million pounds. Then it rolls down and is shared by players who match five numbers instead of the required six. Christmas Millionaire Maker was a one-off special draw introduced in November 1999, for the Millenium. The response to the game prompted the officials to relaunch it

in 2001. The game's draw is held on Christmas Eve. Since 2001, it has contributed 40 million pounds for Good Causes and has created 33 millionaires.

The National Lottery introduces about 28 scratch card games a year. Generally at any given time, there are 12 games on sale. The existence period of the game is decided on the basis of the popularity of the game and the number of tickets printed. Cars & Cash, Millionaire- which brought a lot of new lottery players -, Monopoly, Cash for Life, Grand National are the popular ones among the current instant games.

## **UNITED STATES OF AMERICA**

**38 states of the United States of America run lotteries at present. All these state lotteries were started after the respective citizens gave their mandates on running a lottery.**

### **Arizona Lottery:**

Arizona's public voted in favour of running lotteries in 1980. In 2002, 73% voted in favour of continuing the operations. In June 2003, the minimum age to participate had been changed from 18 years to 21 years. The games are sold through 2500 retailers. The proceeds of each game are earmarked for a different beneficiary. The proceeds are allocated to Heritage Fund, Clean Air Fund, Economic Development Fund, etc. Since 1981, Arizona Lottery has generated \$ 2 billion for the State Treasury.

### **California Lottery:**

In 1984, 54% of California's citizens approved of the California State Lottery Act. The Act specifies that a minimum of 34% of the revenue should be allocated for public education. In 2005 the lottery funds supported 8.3 million students.

### **Colorado Lottery:**

The state lottery was established in 1983. Fifty per cent of the lottery proceeds is allocated to GOCO or Great Outdoors Colorado Trust Fund, 40%

to Conservation Trust Fund and 10% to State Parks. GOCO funding has a ceiling of \$35 million. If it exceeds the ceiling, the additional amount is to be distributed to public schools where it has to be spent on safety and health measures. The \$ 35 million fund is spent on open space, local parks, wildlife and environment parks, etc. The Conservation Fund is meant for cities and towns, where money is required for improvisation and renovation of local facilities. In 2005, the Colorado Lottery gave \$ 114 million to the government for these purposes.

### **Connecticut State Lottery:**

It was started in 1971 to generate revenue for the state. Initially it operated only one game by name 'The Lottery'. The profits were given to the state's General Fund. In 1975, it introduced instant scratch games. In 1996, Connecticut became the first state to make its lottery a quasi-public corporation. In the first half of 2006, the Connecticut Lottery Corporation distributed \$587 million as prizes and \$285 million to the General Fund. The General Fund's money is spent on public health, safety, libraries, education, etc. So far the corporation has contributed \$ 5.8 billion to the General Fund.

### **DC Lottery & Charitable Games Control Board:**

The District of Columbia started its lottery operations in 1982. So far it has contributed \$1.1 billion to the State General Fund, which supports education, parks, public safety, housing, senior and child services, etc.

### **Delaware Lottery:**

Delaware Lottery was established in 1975. So far it has contributed \$1.8 billion to the state's General Fund. In the fiscal year 2004 it contributed \$222 million. The General Fund supports various causes including public and higher education, health and social services, public safety, natural resources, environmental control and child, youth and family services. The lottery director has the authority to give license to special agents for specific sport, social and charitable game sales. The state also operates video lottery.

### **Florida:**

Florida's lottery is spending its revenue on education. Florida Legislature created Florida Bright Futures Scholarship Program in 1997. The program rewards students for their performance during high school. Since 1997, as many as 2,62,000 Florida students received scholarships worth \$ 1.3 billion. Unclaimed prizes are used to increase prize payout of scratch games and to fund promotions of online games. Till date \$ 15 billion has been lottery's contribution to education through its Education Enhancement Trust Fund and Florida Mentor Program.

### **Georgia Lottery Corporation:**

Though Georgia's lotteries date back to 1784, the modern Georgia Lottery Corporation was established in 1992. Its revenue is spent on education. **More than 775,000 students have gone to college on HOPE Scholarships provided by the lottery funds. It has helped more than 560,000 four-year old children to enroll in pre-kindergarten.** Unclaimed prizes go back to the prize pool while \$ 200,000 of it go to Georgia Department of Human Resources for education and treatment programs for problem gambling. GLC deducts a state income tax of 6% and federal income tax of 25%.

**The Corporation is a recipient of Georgia Trend magazine's annual Donald R Keough Award for Marketing Excellence.** During the 1996 Atlanta Olympics, GLC operated three lottery kiosks inside the Olympic ring for its players as well as for those from other countries.

### **Hoosier Indiana Lottery (HIL):**

HIL was established in 1989. Since inception it has created 383 millionaires. HIL's revenues have been distributed to Pension Relief Fund of police officers and fire fighters, Teachers' Retirement Fund, road works, schools, Property Tax Replacement Fund and General Fund among others.

The state collects a local tax of 3.4% and a federal tax of 25% for prize amounts higher than \$ 5000.

**Idaho Lottery:**

Established in 1989, Idaho Lottery has given more than \$ 300 million to public schools, colleges and universities in the state of Idaho. It also contributes to the Permanent Building Fund of educational institutions.

**Illinois Lottery:**

The state of Illinois started its lottery operations in 1975. In 1985, a law was enacted to deposit profits in Common School Fund (CSF) that helps public schools. Illinois General Assembly decides how the CSF is to be distributed. The state imposes a tax of 3% for prizes higher than \$1000 and federal tax of 25% on winnings upwards of \$5000. In 2004, it registered a sale of \$1.7 billion and distributed \$ 570 million to the CSF.

**Iowa Lottery:**

Iowa's state lottery was started in 1985. 'Scratch, Match & Win' was its first game. Till 1992, it sold only \$1 tickets. Bingo was the first \$2 game offered. In 2005, the lotteries contributed \$ 51 million to the state's General Fund.

**Kansas Lottery:**

Kansas Lottery Act was passed in 1984. In 2005, the lotteries department transferred more than \$ 65 million to the State General Fund. 85% of the General Fund is allocated for Economic Development Initiatives Fund (EDIF), 10% for Correctional Institutions Building Fund and 5% for Juvenile Detention Facilities Fund.

**Kentucky Lottery Corporation:**

Established in 1989, the corporation has contributed \$2 billion to the State Treasury so far. The revenue is spent on college grants and scholarships, General Fund, etc. **Since 1999, the corporation has contributed \$ 637 million towards scholarships, which have benefitted 592,000 students.** Contributions include \$ 18 million to Kentucky's Early Childhood Reading Incentive Fund and Centre for Literacy Development, \$ 32 million to Vietnam War Veterans, \$ 1.4 billion to General

Fund and \$ 21 million to Kentucky Housing Corporation's Affordable Housing Trust Fund. **Through the Housing Trust Fund, the state has provided 2770 units of housing to the needy.**

### **Louisiana Lottery Corporation:**

Lotteries in Louisiana had their beginning in 1990. The first game to be introduced was an instant ticket. Since inception, the corporation has contributed \$ 1.6 billion to the State Treasury.

### **Maine State Lottery:**

Maine's lottery schemes have contributed more than \$ 650 millions to the state's General Fund. The Fund supports more than 250 state agencies and programs. The state levies a tax of 5% on prizes of \$ 5000 and above.

### **Maryland State Lottery:**

In Maryland scratch ticket games account for the highest revenue among games such as Pick3, Lotto, Keno, Mega Millions, etc. . Keno, Pick3 and Pick4 are the other popular games registering a high volume of sales. In 2006, MSL gave \$ 501 million for education, public health, etc. and \$ 20.5 million to the Maryland Stadium Authority.

### **Massachusetts State Lottery Commission:**

The Commission was started in 1971 to generate additional revenue. Initially instant games were offered. The lottery revenue is distributed to 351 cities and towns of the Commonwealth as per the Local Aid Formula established by the legislature. The cities and towns are free to spend the allocated funds as per their needs. For instance, Chester used the revenue to construct a new elementary school, Halifax to renovate its fire station, Orange to support Regional School System. Lowell improved the Tsonga Arena & Edward A Le Laucher Ball Park, Uxbridge built a new police station and Williamsburg a library.

In 2003, the Commission distributed \$705 millions to the Commonwealth.

**In November 1999, the Commission held a Millenium Spectacular game to coincide with the dawn of the millenium with 80% prize payout. In 2001, it launched its anti-litter campaign with the new game 'The Clean Fun Sweepstakes'. This allowed players to submit the \$10 non-winning tickets for a chance to win up to \$100,000. This resulted in the recycling of 40 to 50 million instant tickets or more than 85 tons of paper. It was repeated in March 2002 resulting in the recycling of 76 tons of paper.**

#### **Michigan Bureau of State Lottery:**

Started in 1972, the first game's ticket was sold at 50 cents. The Bureau introduced its first instant game in 1975. The other games, Daily 3, Daily 4, 6/40 Lotto, 6/47 Lotto and Keno were introduced successfully over the years. In 1987, ticket sales reached \$1 billion for the first time.

In 1995, the authorities changed the distribution of instant ticket proceeds from credit-based to a consignment-based system. This enabled retailers to stock a number of instant games offering players a variety of games to choose from.

In 1997, it celebrated 25 years of operation with a \$ 5 instant game 25th Anniversary Cash with a prize of \$250,000.

Lottery revenue is given to School Aid Fund to support public education programs. **Since 1972, the lottery has contributed \$ 12.9 billion to Michigan's public schools.**

#### **Minnesota State Lottery (MSL):**

Lottery in the state of Minnesota was started in 1988 with 57% of voters approving it. The legislature set the lottery proceeds to be distributed

equally to the Environment and Natural Resources Trust Fund (ENRTF) and the Greater Minnesota Corporation (GMC).

In 1990, MSL introduced instant tickets, Lotto and Daily 3. The distribution of revenue was changed twice. In 1991, the legislature changed the sharing of the lottery revenue as 40% to the Trust Fund and 60% to the General Fund. In 1993, MSL registered \$1 billion sales. In 1997, it launched Scratch 'n' Sniff instant game Cinnamon Toast.

In 2000, multi-state game Roll Down was introduced where jackpot rolls down to lower tier prizes if it is not won.

The Environment and Natural Resources Trust Fund finances projects that preserve and restore the state's natural resources. Since inception MSL has contributed \$ 367 million to the ENRTF and \$ 801 million to the General Fund. The General Fund finances projects on public education, health services and public safety. The sales tax on lotteries is also distributed with 87% going for the environment programs and 13% to the General Fund. Some of the environmental projects that have benefitted include Fish & Wildlife Corridors, Metro Greenways, Gitchi Gami State Trail, Biological Survey, Soil Survey, etc. MSL's Environmental Journal is a weekly 30-minute TV show that telecasts programs on enjoying and protecting Minnesota's natural resources.

### **Missouri Lottery:**

Missouri Lottery came into being in 1985 after 70% of voters approved of a lottery the previous year. The first game to be introduced in 1986 was an instant one named Jackpot. The state introduced pull-tab games in 1990. In 1992, citizens voted, approving the amendment to the Lottery Bill, which earmarks lottery proceeds to public education. In 1996, to mark its tenth anniversary, Fun & Fortune television game show was started.

### **Montana Lottery:**

When the citizens of Montana voted in favour of a lottery in 1986, it became the 23rd state in the US to start lotteries. The first game to be introduced was an instant named Pot of Gold.

The lottery revenue was earmarked for the Teachers Retirement Fund. In 1990, the legislature brought about a change and the lottery profits are given to the office of Public Instruction School Equalisation Account. In 1991, a legislation was passed which allots 1.6% of the profits to the Board of Crime Control (BCC) to run juvenile detention centres. The next year the Legislature increased the allotment to BCC to 9.1% and in 1995 it allocated the entire proceeds to the State of Montana General Fund.

The state tax is 10% and federal tax is 25% for prizes more than \$5000. For non-residents the state levies a tax of 39 per cent.

### **Nebraska Lottery:**

In 1992 Nebraska became the 37th state in the US to start its lottery. Its Powerball and Nebraska Pick 5 are quite popular.

It has started a MVP or Most Valuable Player club. Its members regularly receive special information about new games, contests, promotions and have access to surveys and research findings. Other benefits include the chance to win free lottery tickets, cash, merchandise or trips.

As per the Legislature's directives, Education Innovation Fund and Nebraska Scholarship Fund should receive 24.75% each, Nebraska Environmental Trust Fund 49.5% and Compulsive Gamblers Assistance Fund should receive 11%. So far the state treasury has received \$ 198 millions from the lotteries.

The Environmental Trust Fund has contributed to various projects like the Nebraska Game & Parks Commission's Aquatic Rehabilitation Program, Lewis & Clark Reservoir and Rock Creek Lake Project.

### **New Hampshire Lottery (NHL):**

The New Hampshire Lottery is the first modern lottery in the United States. After lotteries were banned in the 1800s, New Hampshire became the first state to re-introduce the same in 1963.

**State Representative Larry Pickett saw sweepstakes as a possible and voluntary method of raising funds for the cause of education and proposed a Sweepstakes Bill five times between 1953 and 1963. In 1963 the Bill was passed by Governor John King. So far the lotteries have contributed more than \$ 931 million.**

NHL has a Players' Club where members receive winning numbers by e-mail, information about new instant games and special lottery promotions. Every year the state introduces between 40 and 55 instant games. In 2006, NHL introduced Replay, to replay a non-winning lottery ticket.

### **New Mexico Lottery:**

Senate Bill 853 created the New Mexico Lottery Authority in 1995. Scratch tickets were the first games to be introduced.

In 1997, the state installed 200 ITVMs or Instant Ticket Vending Machines.

In 1996, the Legislature allotted 60% of the lottery proceeds to Capital Outlay and 40% to Lottery Tuition Fund. In 2001, the Legislature allotted the entire proceeds to the Lottery Tuition Fund and it was named as the Lottery Success Scholarship. Within a year the Lottery Success Scholarship had helped more than 22,000 students. The scholarships are awarded to New Mexico students who wish to pursue higher studies in a college or a university.

### **New York Lottery:**

New York's constitution mandates all revenue to be used for the cause of education. The revenue given to the State General Fund is distributed by the State Department of Education to schools, as per the formula established by New York State Legislature.

Graduates are awarded scholarships for higher education in New York's colleges and universities through New York Leader of Tomorrow Scholarships.

### **New York Lottery also supports Empire State Games, the largest state-run amateur athletic competition in the nation.**

The state offers Lotto on subscription. It levies a state tax of 7.7% and a federal tax of 25%. Non-residents are required to pay a tax of 30%. The minimum age of play has been fixed as 18 for all the games except Quick Draw. For Quick Draw, the player has to be 21.

### **North Dakota Lottery (NDL):**

The state amended its constitution in 2002 to participate in multi-state lotteries. On its decision to start a lottery, the state announced a competition among college and university students for the design of NDL's logo. The final logo is a progression of design elements submitted by many students.

NDL's first game, Powerball, was started in March 2004. Within thirty minutes of its launch, ticket sale was more than two tickets per second. Hot Lotto was launched two months later. The state allows a player to buy 'multiple draw' ticket, i.e., a player can buy a ticket for up to nine consecutive draws.

NDL has generated more than \$ 5.3 million since March 2004, when its first game went on sale.

### **Oregon Lottery:**

Oregon Lottery came into being in 1984 when voters approved the lottery by 66%. The state introduced Break-Open Games initially on a trial basis. The popularity prompted the government to increase the number of Break-Open games to more than 30. Successively Keno, Megabucks, Scratchers, Powerball and Win For Life were introduced over the years. In 1989 Football Sports Action Tickets were introduced. the first-ever sports game in the nation. The proceeds are spent on Academic Scholarships and Athletic Scholarships at 12% and 88% respectively. In 1992 video lottery was launched in the state.

Initially profits were spent on Oregon schools; then the funds were allocated for economic development and public education, which is more than \$ 3.4 billion since 1985. Then parks and salmon fish restoration were added to the list of beneficiaries. In Oregon the voters decide on the beneficiaries of the lottery proceeds. The distribution of the proceeds among the beneficiaries however is decided by the Legislators, i.e., the distribution of the Public Education Fund to its various constituents such as State School Fund, Education Endowment / Stability Fund, Department of education and Intercollegiate Athletics / Academic Scholarships rests with the Legislators. Since 1999, over \$123 million of lottery profits have been spent on development programs.

In 1990, Oregon Lottery won 'Pioneer Award for Lottery Leadership' as the pioneer in sports and Public Gaming's Lottery Expo International.

### **Pennsylvania Lottery:**

Pennsylvania Lottery was established in 1971 through Legislative Act 91. The first game introduced in 1972 cost just 50 cents. The first instant 'rub off' game was introduced in 1975. Its popularity has resulted in more than 30 scratchers now. Daily Number, the first 3D Numbers game introduced in 1977 continues to be the most popular. Various other games such as Big 4, Pennsylvania Lotto, Keystone Jackpot, etc. have been introduced over the years. To mark its fifteenth anniversary, the state introduced 'Saturday Spin', a televised instant game.

In 1985 the state introduced Electronic Funds Transfer System to settle retailers' weekly accounts. In 1993, ITVMs were installed, resulting in an increase of sales.

Since inception, Pennsylvania Lottery has contributed \$ 14 billion to various programs. In fiscal year ending March 2004, it contributed \$ 127 million to the Property Tax / Rent Rebate for the Department of Revenue, benefiting 331, 095 households. Department of Transportation's Mass Transit Program for senior citizens received \$120.82 million, providing more than 39 million free rides. **The low-cost prescription drugs programs PACE and PACENET received \$ 370 million, enabling the department to give 39,250 prescriptions per day. To the 650 community centres for senior citizens run by the Department of Aging the lottery contributed \$ 212 million, whereby more than 7.7 million old people were provided meals.**

#### **South Carolina Education Lottery:**

The state of South Carolina uses entire proceeds from its lottery for the cause of education and hence the lottery is named as South Carolina Education Lottery (SCEL). While SCEL operates the lottery, South Carolina Commission on Higher Education distributes the funds to the Palmetto Fellows Scholarships, LIFE Scholarships and South Carolina Hope Scholarship among many others. Till 2006, the lottery department has contributed \$ 1.45 billion to the state legislature. The legislature specifies that the funds can be used only for new programs and opportunities but not for paying teachers' salary or hiring new teachers.

It offers Instant Games like Shrimp & Grits, Carolina Millionaire and Cash Bonanza among a total of thirty games. Cash Bonanza has second chance draws. Recently the state has partnered with local artists to bring out a series of instant tickets under the name Artist Series.

#### **South Dakota Lottery:**

Citizens of South Dakota voted for lottery with a 60% mandate in 1986. The South Dakota Lottery was formed in the subsequent year. In

1989, the state introduced video lottery, pioneering the same in the country. Since inception scratch games have raised \$59 million. This amount goes to the state General Fund to fund schools and programs like health, human and social service projects. Video lottery has generated over \$ 1 billion since 1989. Initially the proceeds went into the General Fund. In 1995, it was earmarked for the Property Tax Reduction Fund.

Lotto, introduced in 1990 has raised \$48 million, and it goes into the Capital Construction Fund which finances water development projects, ethanol production and highway projects.

The state offers 4 Lotto games and 3 multi-state games, namely Powerball, Wild card 2, Hot Lotto and an exclusive Dakota Cash which is a 5/35 Lotto. Prices of Instant games vary from \$1 to \$10 and prizes from \$1 to \$150,000.

#### **Tennessee Lottery:**

In 2002, a state referendum with 58% votes permitted lottery. Tennessee Education Lottery Corporation, a quasi-government organisation was authorised as the lottery operator. The lottery funds are utilised for education and scholarships for higher studies. Lottery tickets went on sale in January 2004. Till July 2004, \$ 123 million has been raised for scholarships.

#### **Texas Lottery:**

Texas Lottery was founded in 1991. Though the state conducts various games, Bingo is held exclusively for charitable purposes and a separate Charitable Bingo Division is in charge of the same. Since inception the lottery has contributed \$ 13 billion to the state treasury and since 1997, \$ 8 billion to the Foundation School Fund.

Other than the countries discussed above, many countries across the globe also conduct lotteries. The following gives a brief account of such countries.

## AFRICAN COUNTRIES

In **MAURITIUS**, the Government Lotteries Committee operates traditional passive lottery and the revenue goes to the national treasury. In July 2004, the government has embarked on introducing online lotteries.

**MOZAMBIQUE's** *Empresa de Lotarias e Apostas Mutuas de Mocambique Toto-Loto* operates the Sports Toto.

**UGANDA LOTTERY** was launched in June 2003 in collaboration with Deffari Technology & Development Company of Beijing. After a year, the operations were suspended after the company claimed to have suffered losses.

Lottery Management Company of **ZAMBIA** was established in 2001 with the launch of a modified lotto game called *Kwachamania Big Bang*. The game is designed to suit the Zambian market.

*Pari Sportif Algerian* is the lottery operator of **ALGERIA** and offers Instant games, Lotto / Spiel games and Sports Toto.

National Lottery of **MOROCCO** offers Lotto / Spiel games, number games and Keno. The Sports Lottery '*Toto Pari Sportif*' was started in 1962. The name was changed to '*La Totofoot Marocaine des Jeux et des Sports*' in 1995. It offers *Supermatch, Fooz, Fortune, Khmiosa and Bravo*. In 2001, it registered a sale of 231.3 million *Dirham*.

**BENIN's** *Loterie Nationale du Benin* was founded in 1967. It offers passive games, Instants and Sports Toto. It registered a sale of CFA 8 billion Franc in 2001.

Lottery in **BURKINA FASO** was established in 1967. *Loterie Nationale Burkinabe* offers Instants, Spiel and Sports Toto. In 2001, it registered a sale of 2.5 billion (local currency).

Founded in 1970 *Loterie Nationale de Cote d' Ivoire* of **IVORY COAST** offers only Instant Games. Its revenue in 2002 was CFA 5.5 billion Francs.

In **GAMBIA**, the operator Gambia National Lottery cooperates with the government in national development. It employs 5000 youth and contributes profits to development projects including the Brikama Mosque.

**NIGER's** lottery services were started in 1993. *Loterie nationale du Niger* (LONANI) offers Instant games.

**NIGERIA's** National Sports Lottery (NSL) was established in 2001, to develop sports in the country. King & George (Nig) Ltd., a Football Pools Company acts as the sole agent of NSL.

**SENEGAL** started its lottery operation in 1982. *Loterie Nationale Senegalaise* (LONASE) offers Instant Games, Lotto / Spiel Games and Sports Toto among others. Its turnover was more than \$ 52 million in 2003. Government is proposing privatisation of LONASE.

**SIERRA LEONE** launched its Bingo in 2001. In 2002, it contributed proceeds to Connaught & Prince Christian Maternity Hospital and the National School of Nursing besides giving 30.5 million Leones to the College of Medicine and Allied Health Science.

#### **ASIAN COUNTRIES:**

In **KOREA**, *Kolotto* is the online operator. It offers four instant games, namely, Strike it Rich, Blackjack, Slot and Poker. The operator *Korea Lottery Services* gives it proceeds to the Ministry of Construction and Transportation, Ministry of Culture and other social welfare programs.

Seoul Olympic Sports Promotion Foundation, started in 1989 benefits the National Sports Promotion Fund. It offers Sports Toto, other sports games and Instant Athletic Games. **The proceeds from the lottery helped the country to organise the last World Cup and Busan Asian Games.** In 2002, nearly ten public and private lottery operators merged as a consortium led by *Kookmin Bank*. *Tiger Pools* offers sports betting games.

The **TAIWAN** 'Public - Interest' Lottery was established in 2002. The games are operated by Taipei Bank on behalf of Ministry of Finance. The state offers passive games, instant games and a 6/42 online Lotto. The state is planning to introduce sports lotteries. The lottery benefits many disadvantaged groups. **174 major prize-winners have so far donated NT \$ 257 million to 98 social welfare organisations. It is common in Taiwan for winners of small prizes to make corresponding donations to charities.**

In July 2005, **PAKISTAN** Sports Trust started a lottery by name 'Hero Cards' to raise funds for the development of sports.

In **PHILIPPINES**, the Philippines Charity Sweepstakes Office (PCSO) was founded in 1935. It offers passive games. Thirty per cent of the lottery proceeds benefit designated charities. The Philippines Amusement and Gaming Corporation (PAGO) was established in 1984. It registered a sale of R 40 billion. It benefits vital government services like the President's Social Fund, Philippines Sports Commission and other education, health and scientific programs. Both the corporations are owned by the government. In 2002, the corporations were brought under the Social Welfare and Development Secretary. Earlier they were under the direct control of the president.

In **VIETNAM**, the lottery games are operated by Construction Lottery of the Capital- Hanoi Vietnam (CLCH) and Song Be Lottery Company (SBLC). The Vietnam CLCH operates Pick2, Pick3 and instant games and it registered a sale of approximately 220 trillion dong. SBLC has tied up with a Canadian company to operate online lottery.

In **TURKEY**, the government-run *Milli Piyango Idaresi* or the Turkish National Lottery is to be privatised. In 2003, the lotteries fetched a revenue of TL 589 trillion.

## **EUROPEAN LOTTERIES**

In **BULGARIA**, Sports Totalizator, functioning under the Finance Ministry offers Lotto, sports betting and other games exclusively for the benefit of sports.

The lottery operator of **LITHUANIA**, *Olifega Inc.* offers *Teleloto, Tuzinas, Kenoloto, Kas Laimes Milijona and Jega-2*.

In **POLAND**, the *Totalizator Sportowy Spolka* offers *Duzy Lotek, Express Lottery, Zaklady Specjalne, Multi Lotek and Szczesliwy Numerek*. The other state-owned lottery organisation *Polski Monopol Loteryjny Spolka* operates Break-open and Scratch games.

In **RUSSIAN FEDERATION**, Press-Lotto holds the National Lottery License to conduct the lotteries. Press-Lotto is owned jointly - with equal stakes - by the Union of Journalists and Rugby National Corp. Profit from the lottery games is ten billion roubles per year.

In **SLOVENIA**, *Sportna Loterija* conducts the lotteries.

**UKRAINE** has two operators namely, *Ukrainian National Lottery and Molodsportloto*.

**ESTONIA's** lottery is state-owned and had its beginning in 1971 under the aegis of USSR State Committee for Physical Culture and Sports. After the break-up of the USSR, *AS Eesti Loto* (Estonian lottery) was established in 1991. It offers Instant Games, Lotto, Keno, Bingo and other games. The lottery proceeds support arts and culture, education, science and sports programs.

**FINLAND's** lottery *Oy Veikkaus Ab* was founded in the year 1940. Lotto, Bingo, TV games, Football Pools, Betting games, off-track horse betting games and Instant games are offered by the operator. The proceeds are used for the development of arts, sports, youth work and science. *Veikkaus* is state-owned and the Ministry of Interior supervises its activities. Everyday it generates 1 million Euro for the Finnish society.

**ICELAND's** lotteries are operated by three operators.

**LATVIA**n lottery is operated by *Latvijas Loto*.

In **SWEDEN**, *AB Tipstjanst and Svenska Penninglotteriet*, the largest lottery organisations merged in 1997 to form *AB Svenska Spel*. It offers

Instants, Draw lotteries, Spiel Games, Sports Bets, Loto, Keno and video lottery. *Stryktipset* is *Svenska Spel's* oldest sports game. The pools game introduced in 1934 has not changed much since its inception.

**CROATIA** has *Hrvatska Lutrija* to conduct its lotteries.

The **GIBRALTAR** Government Lottery was established in 1947. After World War II, the state held lotteries to service the loans it had taken to finance the construction of houses for those evacuated by the war. It conducts only traditional draw lotteries and non-residents are also permitted to play.

The **GREEK** State Lottery was founded in 1862. It conducts traditional lotteries and sells instant games. The funds go to the national treasury. The Greek organisation of Football Prognostics or OPAP (SA) had its beginning in 1959. It offers Lotto, Toto, Kino, etc. and sports betting games. The proceeds benefit the game of football in the country.

In **ITALY**, *Comitato Olimpico Nazionale italiano* (CONI) offers sports-based games and the proceeds go into development of various sporting activities. Another operator *Lottomatica S.p.A* founded in 1990 offers Lotto, *Tris* - based on horse racing and *Formula 101* based on car racing. *Sisal Sport Italia S.p.A* was founded in 1946 and one of its games *Enalotto* continues to be the most popular.

**MALTA's** Lotto Department is being privatised as the National Lottery is not found to be profitable. The National Lottery, also known as The Big Lottery was initiated in 1948. *Il-kbira* was its first game. As a first step, the private company *Maltco* has been given a seven-year license to operate the lottery.

Started as early as in 1493, the National Lottery of **PORTUGAL**, *Santa Casa da Misericordia*, is one of the oldest lotteries in Europe. Lottery earnings are used to fund community and civic projects, supporting hospitals and churches.

Lotteries in **MACEDONIA** are the responsibility of *Lotarija na Makedonija*.

In 1986, the **AUSTRIAN** lottery, *Osterreichische Lotteriem gesmbH* was established. It offers various games based on football, a few numbers games, *Klassenlotterie* (Austrian Classic Lottery), Instant *Rubbellos*, Break-Open *Brieflos*, Bingo and online games. An average of 42% is given as prize amount. In 2002, it registered a sale of 1.3 billion Euro.

**GERMANY's** *Deutsche Klassenlotterie Berlin* offers draw games, instant games, Loto Spiel, Sports Toto and others in the Berlin region. The lottery funds are distributed for the causes of education, arts and culture, charities, science and sports. Bremen region's operator *Bremer Toto und Loto GmbH* gives it revenue to promote the cause of arts and culture, charities and sports. *Westdeutsche Lotterie GmbH & Co* of North Rhine offers Lotto and Instant games. *Lotto Rheinland-Pfalz GmbH* of Rheinland offers Lotto, Keno, Oddset, Spiel, Superb and *GluckSpirale* and the proceeds fund various social projects.

*Loterie Nationale* of **LUXEMBOURG** was started in 1945. With draw lotteries and instant games on offer, the lottery revenues are allocated to various charitable and social organisations including Red Cross and the National Emergency Fund.

#### **LATIN AMERICAN COUNTRIES:**

In **ARGENTINA**, two operators, namely *Asociacion de Loterias Quinielas y Casinos Estatales* and *Loteria Nacional Sociedad del Estado* offer Spiel games, number games, passive games, sports games, a Lotto game and instant games.

**ARUBA** Lottery was founded in 1992. It introduced online games in 1999. It offers Lotto pa Deporte, Catochi pro Deporte, Lotto di dia and Raspa. Sports sector in Aruba is the sole beneficiary of the lotteries.

In 2002, Lotteries of Olympio and Barbados Turf Club merged to form the **BARBADOS** Lottery. It offers Double Draw, Mega 6, Nuff cash, Power Play, Lotto, Easy Pickin's and Quick Draw. The beneficiaries are Barbados Olympic Association, Barbados Turf Club, Barbados National Sports Council and National Cultural Foundation.

In **BOLIVIA**, *Loteria Nacional de beneficencia y Salubridad* offers Lotto, passive and number games.

In **BRAZIL**, lotteries are organised by *Caixa Economica Federal Departamento de Administracao de Loterias*. It offers Lotto, instant games, draw games and sports betting games. Lottery funds help the education, arts, culture, sports sectors and the government treasury.

In **CHILE**, *Loteria de Concepcion* offers passive and instant games, Keno and Lotto. Another operator *Polla Chilena de Beneficencia* offers passive and instant games and Lotto and Sports Toto.

In **COLOMBIA**, *Fedelco, Colombia Loteria de Bogota* and *Loteria de Medellin* are the lottery operators.

In **COSTA RICA**, *Junta de Proteccion Social de san Jose* operates the lottery. In 2002, it registered a sale of C 41.9 billion colons.

In **ECUADOR**, *Junta de Beneficencia de Guayaquil* and in **EL SALVADOR** *Loteria Nacional de Beneficencia* conduct the state lotteries.

*Loteria Electronica* or Electronic Lottery of **PUERTO RICO** was established in 1989. It offers 3D and Lotto games. It has enabled economically weak elders to have subsidised rents. The lottery funds benefit Puerto Rico's municipalities and other projects as decided by the legislature.

In **URUGUAY**, *banca de Cubierta Colectiva de Quinielas de Montevideo* (BCCQ) conducts the games. It is a private company under government control which retains a fixed percentage of sales. It offers a 5/36 Lotto, a 5/44 Lotto, a numbers game *Quiniela*, A Keno by name *Tombola* and *Quico* which is a hybrid game between Bingo and a draw game.

**VIRGIN ISLANDS** Lottery was established in 1957. It offers passive and instant games. It benefits Handicapped Children's Fund and General Fund.

## **MULTI-NATIONAL and MULTI-STATE LOTTERIES**

### **Multi-National Lotteries:**

Multi-national lotteries are organised jointly by a group of countries.

#### **(i) Viking Lotto:**

The first multi-national lottery, Viking Lotto was introduced in 1992 by five participating Scandinavian countries. It is organised as a national lottery concurrently in Denmark, Finland, Iceland, Norway and Sweden. In 2000, Estonia joined this pan-Nordic lottery. The game is so popular that in 2003, Finns played Viking Lotto for EUR 67 million.

#### **(ii) Euro-Millions:**

Launched in 2004, this game was jointly operated by United Kingdom, France and Spain. The weekly draws are held in Paris. At present Austria, Belgium, Ireland, Portugal, Luxembourg and Switzerland have also joined the game.

### **Multi-State Lotteries:**

Multi-State Lotteries are games that are common to the member states.

#### **(i) United States of America:**

In the United States, the multi-state lotteries are governed by the Multi-State Lottery Association (MUSL). MUSL is a non-profit organisation owned and operated by its member states. Each member state offers one or more of the games operated by MUSL. Founded in 1987, MUSL's first multi-state game was Lotto America, which was withdrawn after four years. Now it offers many games between various member states, Powerball being the most popular.

A player can redeem his winning ticket in the state where he bought the ticket since the accounting is done by member states independently. But

projection of jackpots, budgeting and expenditure, financial statements, monitoring of draws, public relations, software development and legal work are shared by the members. Each state uses unclaimed prizes for different projects.

The Big Game was started in 1996 with Georgia, Illinois, Maryland, Massachusetts, Michigan and Virginia as member states. In 1998 New Jersey joined. In 2002, the game's name was changed to Mega Millions. The same year New York, Ohio and Washington became members, with Texas joining in 2003.

Fifty per cent of the revenue is distributed as prizes, 5% as retailer commission, 35% to government services - which could be used by the respective government for public education, public health or any other cause. The balance of the proceeds is spent towards administrative and operation costs. The percentage distribution of lottery funds may slightly vary in respect of each member state.

Powerball is a multi-state Lotto game with a mega jackpot. Started in 1992, it has 27 states, the District of Columbia and the U.S. Virgin Islands as members.

Nebraska and Kansas together operate 2by2. Players have to choose two red numbers and two white numbers between 1 and 26. The draws are conducted by the Multi-State Lottery Association. The game has six draws per week. The prizes vary depending on the number of matching balls with the drawn numbers.

Maine, New Hampshire and Vermont as member states started Tri-State Mega Bucks in 1985 and Tri-State Heads or Tails in 2003.

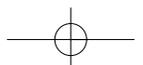
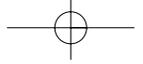
Initiated by North Dakota in 2002, District of Columbia, Iowa, Minnesota, Montana, New Hampshire, South Dakota and West Virginia together operate ND Hot Lotto. North Dakota started ND Wild Card in 1998.

Connecticut, District of Columbia, Delaware, Iowa, Kansas, Kentucky,

Louisiana, Minnesota, New Hampshire, New Mexico, Oregon, Pennsylvania, South Carolina and West Virginia as members organise Powerball MultiMillionaire, an instant game show.

**Australia:**

The states of South Australia, Victoria, Western Australia and finally Queensland joined forces to form the Australian Lotto Bloc in 1981. With the exception of the pooling of prize money, in all other respects, each Bloc member is independent in legal, economic and administrative matters. Australia-wide Soccer Pools Bloc was formed in 1989. The prize-winning numbers are determined by the results of soccer matches in England or Australia. 38 matches are selected by number each week and the winning numbers are calculated from the games that ended in a draw. Oz Lotto, Gold Lotto and Powerball or The Big One are also operated jointly by the member states.



## **LOTTERY SCAMS**

### **Computer Hacking:**

A private lottery in Moscow found that residents of a particular village were repeatedly winning prizes. The tickets could not be forged since they had more than thirty security features. It was later found that two young ticket vendors of the village were hacking into the company's computers.

### **Telephone Lottery Fraud:**

In 2002, people in the United Kingdom received phone calls informing them of their free entry into the Canadian National Lottery and later of their win. The callers would then demand money towards tax on the winnings or as 'processing fee'. If the recipient of this call paid the fee that would be the last the 'winners' heard of the lottery company. Public should know that no law requires a prizewinner to make a payment to claim a prize.

### **Illegal Immigrant Winners:**

In 2002, elderly Hispanic citizens in Colorado were the targets of another 'winning ticket' scam. The fraudsters operated in a gang. One of them would convince the Spanish speaking elders that the ticket with him has won but he could not claim the prize since he was in the country illegally. Another gang member, passing as an innocent bystander would confirm that the number has won. The fraudster would take the money and disappear, leaving the victim with a fake ticket.

But the authorities point out that immigrants without documents CAN claim jackpots if the ticket is genuine and bought by the immigrant. But the highest tax cut is applicable to these immigrant winners.

### **Exchanging tickets for money:**

In India, as fraudsters cannot claim to be illegal immigrants, they tell the victim that he (fraudster) is in urgent need of money. As lottery claims

take time to be processed, the cheat says that he is willing to forego the ticket and hence the prize, for a few thousand rupees. The victim finds out that the ticket is forged when he tries to claim the prize.

### **Predicting Winning Numbers:**

Some international clairvoyants collect money from gullible people claiming to possess an ability to predict winning numbers. Some companies also entice customers to 'subscribe' to winning numbers through them.

### **International Lotteries:**

Vulnerable victims receive e-mails and phone calls informing that huge jackpots are waiting to be collected. The winner has to pay a 'tax' or an 'administration fee' or a 'transfer fee' to claim the amount. If one should wonder why the 'tax' cannot be deducted from the prize money, the fraudster informs that the lottery operator (of whichever country they claim to be from) is desirous of paying the amount in full. The addresses of these lottery organisers would be false and invariably the contact numbers would be mobile phone numbers, making it difficult to trace them. The names of these fraudulent companies sound almost like the original ones that people are misled. The cyber crime police have listed more than five hundred such illegal companies including UK Overseas Lotto Ltd., Royal Spanish Sweepstake International and Lotto Net International.

### **Recovering Lost Money:**

While all these international lottery scams are going on and citizens are becoming wiser, some have devised a different tactic. The scamsters claim to recover the money lost in a foreign lottery scam, naturally for a 'fee'.

### **Bank Account Number:**

Some fraudsters ask for the bank account number of victims so that they can deposit the prize money. With the number in hand, they swindle the victim.

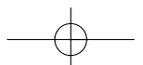
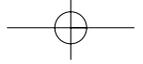
**Chinese Scams:**

A contractor and his employee in Xian of China's Shaanxi Province made marks on winning tickets so that their people could identify and buy the same. The scandal broke when a worker received one of the marked tickets by mistake and the operator claimed it to be a forged ticket.

A lottery operator in Shenzhen attached small magnets into prize-winning balls so that they would get attracted to the corners of the draw machine. Experienced people would then extract the balls to claim the prize.

**Fraudulent Charities:**

Thirty charities which were believed to be helping African refugees and asylum seekers in the UK turned out to be bogus ones. As the Big Lottery Fund distributes lottery proceeds to charitable organisations, it was found that several fraudulent charities had sprung up to receive the grants.



## LOTTERY QUOTES

### **Thomas Jefferson:**

"A lottery is a salutary instrument and a tax ... laid on the willing only, that is to say, on those who can risk the price of a ticket without sensible injury, for the possibility of a higher prize".

### **King Francis I, France:**

"While my subjects are playing lottery, they will forget to insult and fight one another and blaspheme God".

### **Proverbs : 18-18, The Bible:**

Casting the lot settles disputes and keeps strong opponents apart.

### **Dr Manoj Sharma, University School, Punjab University:**

"Nothing is wrong in playing lotteries, provided it remains within limits since funds collected from this business are mostly spent on different government schemes. The states would have to otherwise impose taxes. It should be considered as a voluntary payment of taxes besides gaining fun".

### **Former Justice – M.C.Chagla:**

One of the finest achievements of the government is the university. It was built by some of the most famous architects in Mexico, and it has a very large campus.

The funds for the university were raised by floating state lottery tickets. A love of gambling is innate among South Americans, and the government wisely channelised this instinct and put it to the best possible use in the interest of the people at large. After my first visit to Mexico, **I wrote to Nehru about this University and suggested to him that we also should start lotteries. I reminded him that Ireland**

**had built most of her hospitals out of profits made by running the famous Irish Derby Sweep stakes.** The reply was prompt and unequivocal: "there are certain traditions in our country, and it is immoral to give an impetus to the gambling instinct by floating state lotteries. The state instead of encouraging this vice, should try and control it, if not put it down altogether."

I am glad to find that many years after I wrote this, almost every state has started organising state lotteries. Unfortunately in India it takes such a long time to learn from the experience of other countries. We refused to learn from the American experiment in prohibition, with the result that revenues amounting to crores of rupees were lost, while corruption spread to the police and even the bar and the judiciary were affected. Here again, we are retracing our steps, but at what cost?

**Late Shri C.N. Annadurai - Former Chief Minister of Tamil Nadu:**

*"Vizhunthaal veetirku; vizhavittaal naatirku".*

(If a player wins a lottery game, he gains; if he does not win, the country gains.)

**Extract from the Editorial of The Hindu, Chennai, dated 7.4.99:**

Two other important areas need to be looked into. If only to moderate the extreme posturing on the conduct of lotteries. The first is the economic angle. Interestingly, most lottery schemes in India have been started to fulfill certain socio-economic objectives, a significant one being the creation of employment. More importantly, lotteries generate revenue for the states perhaps in an unorthodox manner but, as studies indicate, quite crucially in lean years.

**Extract from The Economic Times, dated 01.04.99:**

The union cabinet has decided to ban lotteries and gambling across the board. Apparently there is near unanimity in Parliament on banning this 'social evil'. Interesting thought:

The state cannot usurp the moral high ground. It has itself gambled away public money in a host of misadventures: what else are the loss making PSUs and NPAs of state owned banks? Secondly, Parliament should see that democratic policies is itself a gamble, and politicians stake small fortunes in the electoral sweepstakes. Why should we not take free risks with our money and enjoy it? Leisure gambling is civilised sport. Thirdly, the state cannot enforce a ban on gambling. And this means that the activity will remain underground and criminals, including criminalised politicians, will profit from it, in league with our corrupt police. Indeed, laws such as this merely work towards corrupting the police, who should be busy protecting life and property..... the state would be better off legalising and regulating the activity ( there is an interesting chapter in Kautilya's Arthashastra on the superintendence of gambling house) and earning revenues which could be used for various constructive social purposes.....A huge industry's prospects are being thwarted by this false morality.

#### **Bal Saheb Thackeray:**

In the last 36 years, lotteries have contributed a lot to the revenue of the state of Maharashtra and provided employment to many common people.

#### **Prakash Singh Badal, Chief Minister of Punjab (Press Release of DPR CM.99/1230):**

".....the transparent system presently existing is likely to be replaced by 'Satta' and 'Matka'....forms of illegal gambling handled by unscrupulous elements and black marketers. The proposed ban will increase unemployment.... and causing indirect loss of hundreds of crores of rupees to the state economy..... The state-run lotteries generate revenue for Central Government in the shape of Income Tax, Service Tax, etc.

The National Lottery in the U.K is providing funds for many noble causes including social welfare and preservation of heritage".

**Chris Rawlinson, Top British Hurdler:**

"I don't think all the public necessarily realise that when they play the lottery, they are helping athletes like myself to compete at the Olympics".

**Michaela Breeze, British Weight Lifter:**

**"Thank you to all of those people who play the lottery week in, week out. They are helping me and many other athletes keep our dreams of Olympic success alive".**

**Ed Coode, British Rower:**

**"I think that lottery funding was responsible for 2 out of 3 medals at the Olympic Games in Sydney".**

**Tessa Jowell, Secretary of State for Culture, UK:**

**"It (the lottery) creates winners. It changes lives. It transforms communities".**

**LaShand Moore, a mother:**

**" As a single parent, I probably would not have been able to send my son William to school without the Hope Scholarship of the Tennessee Lottery".**

## LOTTERY TITBITS

- Lotology: Research, study and collecting of lottery tickets of various forms.
- Lotologist : A person who is actively involved in lotology.
- Chinese Keno was known as the White Pigeon Game since pigeons were used to convey the results to villages.
- Though a game of chance, lotteries have their share of superstitious beliefs. In 1899, the demand for the extremely popular Spanish lottery was scarce because it was the last draw of the century and people thought it might bring ill luck.
- The first case of Lotto Mania was reported in 1755, when eager players broke down the doors of England's ticket offices on the first day of sales.
- The first draw of Massachusetts' inaugural lottery 'The Game' was held in 1772 at the Faneuil Hall in Boston. Interestingly, Faneuil Hall had been renovated in the 1700s using lottery revenue.
- During the sixteenth century, in the Italian Republic of Genoa, five senate members had to be chosen out of ninety candidates. Citizens had to guess the names for the prize of a *pistola* (gold coin). The person who got all the five names correct received a jackpot. Later, as per the suggestions of Benedetto Gentile, names were replaced by numbers and the present day lotto was born.
- In India, during the reign of kings, the members of the village committee were selected by a lottery system known as *kudavolai*. The names would be written on strips of *volai* or palm leaf and dropped into a pot or *kudam*. Strips would be chosen at random to reveal the names.
- When lotteries were launched in Tamil Nadu in 1968, Governor Mr. Sardar Ujjal Singh bought the first ticket.
- When Maine Lottery was started in 1974, the numbers were printed on rubber balls and drawn from a gumball machine.

- For Georgia's Cash 3 game, the number 571 was drawn on three consecutive nights in August 1994. The second time this happened was in March 1995 when 706 was drawn on three days consecutively.

- In Georgia, the number 888 was drawn in February 1997, February 1998, July 1999 and November 1999 for Cash 3 draw.

- 444 was drawn for Georgia's Cash 3 in November 1994, December 1997 and June 1998. For a Cash 4 draw, 2222 was drawn in March 1998. Oregon's Big 4 drew 7777 in November 1989.

**- In UK, the online lotteries reportedly sell seven times more than Coca Cola.**

- In February 1995, Michigan's Lotto game sold 39,000 tickets in one minute and 2.2 million tickets in one hour.

- On 31 October, 1998, a group of 100 players, nearly the entire village of Peschici in Italy won 32 million Euro.

- As per the Guinness Book of World Records, Darren Haake of Bateau Bay, New South Wales has the largest collection of scratch cards. A collector since 1993, he had 311,362 cards as on February 2000.

- When New Mexico joined the inter-state Powerball lottery in 1996, Governor Johnson led the way by buying the first ticket. In 1998, at the launch of Roadrunner Cash, Senator Roman Maes bought the first ticket.

- In 1996, lotteries in North America awarded \$ 52 million in prizes every day, which is \$ 36,000, paid every minute throughout the day (24 hours).

- The entire lottery draw procedure of pre-draw test, post-draw tests, selection of ballsets, checking security arrangements, etc. take nearly three hours for a draw that lasts less than 60 seconds.

- Some in India believe that those who do not gamble on Diwali Day would become an ass in the next birth. They find lottery a better alternative and hence make it a point to play the same on Diwali Day.

- In National Postcode Lottery of Netherlands, the lottery ticket numbers are based on the Netherlands' postal code system. The tickets are sold through direct mail. Winning ticket holders in the same postal code area share the Weekly Street Prize, the jackpot, and the mega summer and New Year's 'Postcode Kanjer'. The winners' neighbours living in the same area share the winners' luck by getting additional prizes.

- Australian TV commercials for the game Instant Money, using Frank, the talking dog were judged the best in the world in an international competition in 1993.

- In May 2004, a 60-year-old man from Sydney purchased three tickets of the same game from three different agents. All the three numbers were drawn as winning numbers.

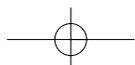
- In Aruba, Roderick Chin won Lotto Jackpots of Aruba Lottery three times - in March 2000, January 2003 and August 2004.

- In Spain, 'Navidad' game is so famous that some families have reserved the same number for fifty years passing it from generation to generation.

- In April 2004, the wife of an assistant linesman in Punjab EB won a bumper. They used a considerable amount of it to help poor girls in their village get married.

- To prevent regular players from excessive play, Iowa Lottery Board established 'Player Self-Ban' policy in 2005 wherein problem gamblers sign contracts with the Board. As the Board has the list of players who have signed this agreement, they do not allow these players to buy tickets from their counters. Also, they are removed from the Board's mailing list, preventing the players from receiving information on new games.

- In September 2006, an Australian woman won half-a-million dollars, after buying lotto tickets with the same numbers for thirty years.



## **Response to the previous books on Lotteries**

No doubt by prohibiting the trade of lottery, a sizeable number of people will run jobless.

- Lajpatrai, MP, Rajya Sabha

I am sure, this will be very helpful to all other persons who are engaged in similar trade both in the traditional lottery method and also the computerised lottery.

- Dr. A. R. Basu, Commissioner-cum-Secretary, Human Rights Commission

Only Sugal & Damani group thinks ahead and brings out publications like this.

- Lalit Bhandari, Sonal Enterprises, Poona

Every person in the trade should read this book so that he knows what is what in the lotteries.

- Yusuf Bhai, Parihar Agencies, Poona

If the lottery is conducted with some object it will be helpful to society. The amount collected should be spent for the purpose with which it is collected.

- Babulal Gaur, Minister, Govt. of Madhya Pradesh

'Lotteries - Beyond Fortunes' will be remembered for the most authentic and informative collection of research on lottery trade and will be helpful in removing a lot of misconceptions about the lottery industry.

- Kapil Khanna, New Delhi

'Lotteries - Beyond Fortunes' is certainly a very good book giving the overall global idea of every aspect of lottery trade.

- Paresh Rajde, Forbes Infotainment Ltd., Mumbai

This book is very interesting and draws thought provoking response from readers.

- Gireesh Kumar Sanghi, MP, Rajya Sabha

This book offers an insight that would help in handling the challenges faced by the lottery trade.

- Mr. Vilas Rao Deshmukh (Chief Minister, Maharashtra)

This book covers various aspects of lotteries including guidance on restructuring the business.

- Mr. R.R. Patil (Home Minister, Maharashtra)

This book contains all the information pertaining to the lottery business since its inception.

- Mr. Jayant Patil (Finance & Planning Minister Maharashtra)

The book is a treasure trove of knowledge on this subject matter.

- Mr. Amitabh Bachchan, Actor

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TABLE 1

## DISTRIBUTION OF LOTTERY PROCEEDS OF A FEW COUNTRIES

Country	Financial Year	Prize	Retailer Commission	Operating Cost	Good in %	Causes in millions	Beneficiaries
INDIA-2 Digit Lottery		91%	5.50%	1.20%	2.30%	} Revenue } goes to } respective } states }	General Revenue Account
INDIA-3 Digit Lottery		65%	25.00%	9.0%	1.0%		General Revenue Account
INDIA-Bumper		55%	25.0%	5.0%	15.0%		General Revenue Account
DENMARK	2003	60%	7.70%	7%	25.30%	DKK2118	
NETHERLANDS							
State Lottery	2005	62%	Operating { Cost { includes { retailer { commission {	18%	20%	€1,379	General Fund
Bankgiro Lottery	2005	30%		19%	51%	€532	Culture, environment, healthcare etc.
Sponsor Lottery	2005	25%		25%	50%	€361	Culture, social welfare, public health, sports & humanitarian aid
Postcode Lottery	2005	31%		17%	52%	€2,177	Development cooperation, nature, humanitarian aid, environment, etc.
Lotto & Sports betting	2005	49%	}	26%	25%	€547	Sports, social welfare, public health and culture
Instants	2005	56%		28%	16%	€87	
FINLAND	2005	51.60%	6.10%	7.20%	13.30%	€344.20	Arts, sports, science, youth work, etc.

NORWAY	2005	52.50%	7.20%	29.10%	29.70%	NOK2607	Sports, culture, Norwegian Foundation for Health & Rehabilitation, etc.
AUSTRALIA Lotterywest	2005	60%	8%	7%	25%	\$166.210	Healthcare, sports, conservation, arts, community service, etc.
USA California Colorado	2005	53.90%	7%	5%	34.60%	\$1,170	Education
	2005	59.70%	7.50%	7.10%	25.70%	\$113.70	States Parks, Conservation trust, Great Outdoors Colorado, etc.
Dist of Columbia	2005	51%	6%	12%	31%	\$71.40	General Fund
Florida	2005	58%	6%	4%	32%	\$1,103.630	Education
Connecticut	2006	61%	6%	4%	29%	\$284.80	General Fund, conservation, healthcare, education, etc.
Arizona	2006	55.20%	6.70%	8%	30.10%	\$141.123	General Fund, Heritage Fund, Economic Development Fund, healthcare, Transportation Assistance Fund, etc.
UNITED KINGDOM	2005	50%	5%	5%	28%	£1606	Health, education, environment, sports, heritage, etc.
CANADA ALC BCLC	2006	36.90%	15.70%	4.20%	43.20%	\$394	Culture, sports, literature, etc.
	2006	28.38%	21.35%	8%	42.27%	\$955.60	Health, charities, local governments and development assistance

TABLE 2

## CONTRIBUTION OF A FEW LOTTERIES SINCE INCEPTION

Country	Year	Contribution and Causes								
NORWAY (in billions)	1948 to 2005	Sports NOK16.7	Culture NOK 13.6	Research NOK12.2	Treasury NOK 2.1	Healthcare NOK 1.8				
USA-Arizona (in millions)	1980 to 2006	General Fund \$766.80	Transport \$558.00	Heritage \$298.50	County \$152.64	Mass Transit \$62.35	Economic Dev. \$50.16	Health \$40.65	Others \$28.80	
USA-Colorado (in millions)	1995 to 2005	State Parks \$104.30	Conservation \$417.80	Environment \$407.90						
UNITED KINGDOM (in millions)	1984 to 2005	Arts £2556.3	Big Lottery Fund £5953.8	Heritage Fund £3254.18	Millenium Comn £2164.10	Sports £2663.64	Grants to NGOs £107.46			

