

CHAPTER-VII
STATE LOTTERY



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7.1 Tax Administration

The Additional Chief Secretary to the Government of Meghalaya, ERTS Department is in overall charge of the State Lottery Department at the Government level. The Director of State Lotteries (DSL) is the administrative head of the Department.

Lottery Schemes in Meghalaya are regulated under the Lotteries (Regulation) Act, 1988 and the Meghalaya State Lottery Rules, 2002.

The Government of Meghalaya in August 2008 suspended all the lottery schemes in the State.

7.2 Results of Audit

Test check of the records of two units relating to State Lottery Department during 2015-16 revealed irregularities involving ₹ 40.49 crore in two cases which fall under the following categories:

Table 6.1

			(₹ in crore)
Sl. No.	Category	Number of cases	Amount
1.	Non realisation of revenue	01	34.42
2.	Unfruitful expenditure	01	6.07
Total		02	40.49

During the course of the year, the Department accepted the irregularities amounting to ₹ 40.49 crore in both the cases. No recovery was, however, intimated in any of the cases during the year 2015-16.

A case on unfruitful expenditure having a financial impact of ₹ 5.69 crore is discussed in the paragraph 7.3.

7.3 Unfruitful expenditure

The Government of Meghalaya incurred unfruitful expenditure of ₹ 5.69 crore towards pay and allowance of idle staff.

[Director of State Lotteries, Meghalaya; May 2016]

The Government of Meghalaya through the DSL introduced lottery schemes in the State between September 2001 and October 2004 by executing agreements with six distributors¹ for organising both online and paper lottery. The Government of Meghalaya, however, in August 2008, suspended all lottery schemes in the State.

Audit of records of the DSL, Meghalaya revealed that during the period from September 2008 to March 2016, the DSL had 27 staff in its pay roll who continued to receive their salary despite not organising of lottery schemes and non-realisation of any revenue thereof. The duties performed by the staff during the period when no lottery schemes were operational in the State could not be furnished to audit². Furthermore, audit scrutiny (May 2016) revealed that the DSL incurred an expenditure of ₹ 5.69 crore towards the pay and allowances of the staff for the aforementioned period.

During the same period, the ERTS Department (under which the DSL functions) had a vacancy of 112 officials³ under its various units. Despite having 27 officials at its disposal, the Department failed to utilise the services of these idle staff alternatively and effectively.

Failure of the Department to effectively manage the manpower thus resulted in unfruitful expenditure of ₹ 5.69 crore towards payment of salary to idle staff.

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Online Lottery	M/s MS Associates
Paper Lottery	M/s Best & Co
	M/s Allwyn Lottery Agency
	M/s Jalaram lottery Agency
	M/s JC Enterprises
	M/s NV International

² No response could be elicited in response to an audit query to explain the duties entrusted to the staff during the period from 2011-12 to 2015-16.

³ Average vacancy for the period from 2011-12 to 2015-16 has been taken into account.

The case was reported to the ERTS Department, Government of Meghalaya in July 2016; their reply had not been received (December 2016).



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The 02nd MAR 2017

Countersigned



(Shashi Kant Sharma)
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The - 6 MAR 2017