

Overview of the Performance Audit of Mizoram State Lotteries (Report No.2 of 2016)

The Mizoram State Lottery was introduced to augment the revenue of the State for the purpose of health care, education, public sanitation and other social sector services. Running of the Mizoram State Lottery was mainly controlled by the distributors while State Government was left with its revenue limited to Minimum Guaranteed Revenue (MGR).

Out of the total sale proceeds of ₹ 11,834.22 crore during 2012-13 to 2014-15, the distributors deposited only ₹ 25.45 crore {as Minimum Guaranteed Revenue (MGR) and Administrative Expenses} to the Consolidated Fund of the State. The distributors neither deposited the balance amount of ₹ 11,808.77 crore to the Consolidated Fund of the State nor was it demanded by the Government. Against the revenue accrued to the distributors of ₹ 2,182.79 crore (18.44 *per cent* of the gross sale) during 2012-13 to 2014-15, the Government received a paltry revenue of ₹ 25.45 crore (0.22 *per cent* of the gross sale) because fixing the revenue realizable from lottery per draw at the MGR had no relation to the volume of sale of lottery tickets. This resulted in loss of revenue and undue financial benefit to the distributors.

Penal clauses were not included in the agreement against delayed payment/default of any kind by the distributors to protect State interest. Printing risks were not also properly protected.

Unsold tickets were not excluded from being part of the draw resulting in claim of prize from unsold tickets. All Prize Winning Tickets were not preserved for verification by the audit due to which prize pay-out were rendered unverifiable. Unclaimed prizes were not timely deposited to the Government Accounts. Online lotteries were not properly supervised due to lack of competent technical person to do so. System for detection of illegal sale/fake tickets and grievance redressal mechanism was absent. Further, monitoring and internal control system of the Department was very weak as was evidenced by the lack of internal audit.



Sr. Dy. Accountant General