

HOME, PROHIBITION AND EXCISE DEPARTMENT

Demand No.37

PROHIBITION AND EXCISE

Policy Note 2007-2008

The following Departments function under the control of the Prohibition and Excise Wing of the Home, Prohibition and Excise Department: -

- (1) Office of the Commissioner of Prohibition and Excise
- (2) The Prohibition Enforcement Wing of the Police
- (3) The Tamil Nadu State Marketing Corporation Limited

Office of the Commissioner of Prohibition and Excise

2. The Commissioner of Prohibition and Excise is the head of the department. The Commissioner is assisted by two Joint Commissioners, one Financial Controller and four Assistant Commissioners in the headquarters. A flying squad headed by an Assistant Commissioner conducts surprise inspections and random checking.

3. The Commissioner of Prohibition and Excise is responsible for enforcing the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937) and the rules made thereunder. He is vested with the authority for granting the privileges and licences to establish distillery for the manufacture of spirit and to grant the privileges and licences for the establishment of Indian Made Foreign Spirit and Beer manufacturing units, with prior approval of the Government. He is also empowered to renew the licences of the units annually.

4. At the district level, the Collector supervises the excise administration. He exercises the various statutory powers under the Tamil Nadu Prohibition Act, 1937 and the rules made thereunder. The Collector is assisted by an Assistant Commissioner (Excise) in the cadre of Deputy Collector in all districts except Chennai and Coimbatore, where Deputy Commissioners (Excise) in the cadre of District Revenue Officer are assisting the Collectors. In the distilleries and in the Indian Made Foreign Liquor manufacturing units, Deputy Collectors are posted as Distillery Officers and Excise Supervisory Officers respectively. Revenue officials in the cadre of Tahsildars and Deputy Tahsildars are posted as Excise Supervisory

Officers and Bonded Manufactory Officers in the Chemical units and Bonded Warehouses to supervise the proper use of alcohol and to levy Excise Duty on excisable articles under the Tamil Nadu Prohibition Act, 1937 and the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 and the rules framed there under.

5. There are 13 Distillery Officers in the cadre of Deputy Collector in the distilleries and 9 Excise Supervisory Officers in the Indian Made Foreign Spirit and Beer manufacturing units functioning in the State. There are 4 Excise Supervisory Officers in the cadre of Tahsildar and 4 Excise Supervisory Officers in the cadre of Deputy Tahsildar in the DL licensed units (chemical units using denatured spirit), one Tahsildar as Excise Supervisory Officer in a chemical unit using Rectified Spirit and 2 Bonded Manufactory Officers in the cadre of Tahsildar in the Bonded Manufactory Warehouses.

Sugar Mills & Molasses

6. There are 38 sugar mills, 16 in co-operative sector, 3 in public sector and 19 in private sector, which produce molasses as by-product, in the sugar manufacturing process. The details of the Sugar Mills are at Annexure-I to this note. Molasses is the most common raw material used for distillation of rectified spirit.

7. There is no price control over molasses. But the possession, sale, use, transport and export of molasses are controlled by issuing licences and permits under the Tamil Nadu Molasses Control and Regulation Rules, 1958. An Administrative Service Fee of Rs.300/- per metric tonne on export of molasses is being levied from 03.08.2006.

Distilleries and Spirit

8. Spirit is the raw material for the manufacture of Indian Made Foreign Spirit products, other chemicals and varnish. Educational institutions, Laboratories and Research Institutions also use spirit in small quantities. There are 2 distilleries in the co-operative sector and 13 in the private sector, manufacturing spirit from molasses. The detailed list of these distilleries is available at Annexure-II to this note. The use of spirit for various purposes is regulated by the Tamil Nadu Rectified Spirit Rules, 2000 and the Tamil Nadu Denatured Spirit, Methyl Alcohol and Varnish (French Polish) Rules, 1959.

Ethanol Blended Petrol Programme

9. Consequent on the decision taken by the Government of India to introduce Ethanol-doped-Petrol for use as fuel, the State Government have issued orders accepting in principle the manufacture of Anhydrous Alcohol (Ethanol) by distilleries in the State. Eight distilleries have so far been permitted to manufacture Ethanol. Necessary licences to the Oil Companies have also been issued for 14 locations applied for by them.

Indian Made Foreign Spirits and Beer Units

10. There are six Indian Made Foreign Spirits and three Beer manufacturing units in the State. They supply Indian Made Foreign Spirits and Beer products to the Tamil Nadu State Marketing Corporation Limited. Annexure-III has the detailed list of production.

State Excise Labels

11. Polyesterised hologram excise labels, with duplication-proof, security features are being used to prevent the illicit movement / sale of spurious liquor in the State and thus to safeguard the excise revenue to the Government. The new excise labels are machine-compatible, designed with more security features and their application on the Indian Made Foreign Spirit and Beer bottles is done by mechanical applicators.

Computerization in Excise Administration

12. Computerization of excise administration is being taken up in full swing. The Government have provided funds to the tune of Rs.10.51 lakhs in 2007-2008 for purchase of Computers, Fax machines and Xerox machines etc., to the Prohibition and Excise Wing of Secretariat and the Office of the Commissioner of Prohibition and Excise.

Prohibition Enforcement Wing

13. The Prohibition Enforcement Wing (PEW) is functioning with the committed objective of eradicating illicit distillation, transportation, possession and sale of illicit liquor/spurious and seconds IMFS and preventing its smuggling from other States. The prohibition enforcement wing is headed by an officer at the rank of Additional Director General of Police, who is assisted by four Superintendents of Police, viz. Superintendent of Police, Central Investigation Unit (CIU) and Superintendents of Police, Enforcement, at Chennai, Salem and Madurai. The Central Investigation Unit (CIU) which is primarily an intelligence set-up with 2

Deputy Superintendents of Police, 6 Inspectors, 8 Sub-Inspectors and 1 Head Constable, is headed by a Superintendent of Police.

14. There are 94 Prohibition Enforcement Wing (PEW) units throughout the State, each headed by an Inspector of Police. There are 38 Additional Superintendents of Police and 38 Deputy Superintendents of Police (PEW) to cover all the districts and cities. The units and the officers are placed under the control of the District Superintendent of Police and the Commissioner of Police. The Prohibition Enforcement Wing units are declared as Police Stations to enforce the Tamil Nadu Prohibition Act, 1937. Stringent action is taken against prohibition offenders and smugglers of illicitly distilled arrack, rectified spirit and spurious/non-duty paid Indian made foreign spirit. Twenty one stationary check-posts and six mobile check parties have been set up to keep a vigil and check clandestine transport of non-duty paid/spurious Indian Made Foreign Spirits and arrack sachets from Pondicherry, Andhra Pradesh and Karnataka into Tamil Nadu.

15. Notorious prohibition offenders are being detained under the Tamil Nadu Act XIV of 1982. The seizure of illicitly distilled arrack and vehicles carrying smuggled/illicitly distilled arrack is being carried out with greater vigour. Strict enforcement, rehabilitation work, awareness campaigns and the co-operation of the Prohibition Vigilance Committees have helped to a very great extent in curbing the prevalence of illicit liquor. Thus, all efforts are being taken to curb the prevalence of illicit liquor, which adversely affects the poor and downtrodden families, in particular.

Gandhiadigal Police Award

16. "The Gandhidigal Police Award" is given to police personnel, who perform outstanding work in curtailing illicit liquor. These awards are being presented on the occasion of the Republic Day. The cash prize of Rs.10,000/- (along with a medal) has been enhanced to Rs.20,000/- from the year 2006 by the Government.

17. Rehabilitation Committees are functioning in the districts with a view to provide alternative means of livelihood to those prohibition offenders willing to reform themselves. These Committees are headed by the District Collectors. Rehabilitation fund to provide alternative means of livelihood for persons who were earlier engaged in the distillation and sale of illicit liquor is also sanctioned every year.

Narcotics Intelligence Bureau (NIB)

18. The Government of India enacted the Narcotic Drugs and Psychotropic Substances Act, 1985 (Central Act 61 of 1985) for the control and regulation of operation relating to Narcotic Drugs and Psychotropic Substances, to provide for the forfeiture of property derived from, or used in illicit traffic in Narcotic Drugs and Psychotropic Substances and to implement the provisions of the international conventions on Narcotic Drugs and Psychotropic Substances. This Act along with Rules framed thereunder came into force with effect from 14th November, 1985. Every offence punishable under this Act is cognizable and non-bailable.

19. The Government of India have also enacted another law, namely, Prevention of Illicit Traffic in Narcotic Drugs and Psychotropic Substances Act, 1988 (Central Act 46 of 1988) which came into force with effect from the first day of July, 1988, according to which the Central and the State Governments have been

empowered to detain persons engaging in illicit traffic in Narcotic Drugs and Psychotropic Substances for a minimum period of one year and a maximum period of two years from the date of detention. The District Police, the Railway Police, the Prohibition Enforcement Wing and the Narcotics Intelligence Bureau, C.I.D., under the control of the State Government enforce these laws relating to Narcotic Drugs and Psychotropic substances, while under the Central Government, the Narcotic Control Bureau, the Collector of Customs and the Directorate of Revenue Intelligence enforce them.

20. The State Narcotic Intelligence Bureau, C.I.D., is headed by a Superintendent of Police and assisted by one Additional Superintendent of Police, 12 Deputy Superintendents of Police, 16 Inspectors, 17 Sub-Inspectors and 126 other cadres. There are 15 Narcotic Intelligence Bureau, C.I.D., Units in the State.

Tamil Nadu State Marketing Corporation (TASMAC)

21. The Tamil Nadu State Marketing Corporation Limited is a State owned institution and was set up in 1983 under the Companies Act, 1956. The registered office of this Corporation is situated in Chennai, which monitors the purchase and sale of IMFS and Beer products throughout the State. TASMAC has been granted the exclusive privilege of wholesale and retail vending of IMFL for the whole of the State of Tamil Nadu, as per the provisions of the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937).

22. There are 5 Regional Offices at Chennai, Coimbatore, Madurai, Salem and Tiruchirappalli headed by Senior Regional Managers in the cadre of District

Revenue Officer. There are 33 District Managers' Offices, 3 at Chennai, 2 at Coimbatore and the balance 28 at the rate of one per district. The posts of District Managers are held by Deputy Collectors. There are 41 Indian Made Foreign Spirit Depots situated throughout the State.

23. A proposal to computerize operations of TASMACH retail shops in a phased manner is under active consideration. This will help in ensuring proper accounting of cash for the sales effected quickly. The provision of computers at the shops will help in transmission of sales data on a daily basis to the depots concerned. By this, misappropriation of funds can be prevented and an integrated computer linkage will enable online monitoring of stocks and inventory at the shops and depots.

Revenue to Government

24. The volume of Indian Made Foreign Spirit and Beer sold and the revenue generated during 2006-2007 are available in Annexures-IV and V to this note.

The Government is very keen in providing better excise administration so that illicit distillation, diversion of spirit for illicit purposes and the transportation and sale of spurious / seconds liquor are curbed. This will help to prevent loss of life due to illicit liquor tragedies and also maximize excise revenue to Government.

M.KARUNANIDHI
Chief Minister

ANNEXURE – I
DETAILS OF SUGAR MILLS IN THE STATE WITH THEIR MOLASSES STORAGE CAPACITY
(See Para 6)

Sl. No	Name of the Sugar Mill	Molasses Storage (In MTs.)
CO-OPERATIVE SECTOR		
1	Amaravathi Co-operative Sugar Mills Limited, Coimbatore	11,000.000
2	Maduranthakam Co-operative Sugar Mills Limited(Not functioning)	0.000
3	Tiruthani Co-operative Sugar Mills Limited	14,000.000
4	Dharmapuri Co-operative Sugar Mills Limited	21,400.000
5	Subramania Siva Co-operative Sugar Mills Limited, Dharmapuri.	12,000.000
6	National Co-operative Sugar Mills Ltd., Madurai	17,000.000
7	Ambur Co-operative Sugar Mills Limited	14,500.000
8	Thirupathur Co-operative Sugar Mills Limited	17,620.000
9	Vellore Co-operative Sugar Mills Limited	21,000.000
10	Chengalvarayan Co-operative Sugar Mills Limited, Cuddalore.	16,000.000
11	Kallakurichi Co-operative Sugar Mills Limited, Unit-I	15,000.000
12	M.R. Krishnamoorthy Co-operative Sugar Mills Limited, Cuddalore	12,000.000
13	Kallakurichi Co-operative Sugar Mills Limited, Unit – II	12,000.000
14	Salem Co-operative Sugar Mills	19,000.000
15	N.P.K.R. Ramasamy Co-operative Sugars	18,000.000
16	Cheyyar Co-operative Sugars Limited	12,000.000
	Total	2,32,520.000
PUBLIC SECTOR		
17	Madura Sugars	6,000.000
18	Aringar Anna Sugar Mills	16,502.922
19	Perambalur Sugar Mills Limited	12,000.000
	Total	34,502.922

Contd....

PRIVATE SECTOR		
20	S.V. Sugar Mills Limited	30,100.000
21	Rajshree Sugar & Chemicals Limited, Theni	12,000.000
22	Dharani Sugars & Chemicals	12,600.000
23	Sakthi Sugars Limited, Unit – II	12,000.000
24	Bannari Amman Sugar Limited	12,194.750
25	Sakthi Sugars Limited	19,278.000
26	Shree Ambika Sugars Limited, Thuhili	20,170.712
27	E.I.D. Parry (India) Limited, Nellikuppam	18,600.000
28	Rajshree Sugars and Chemicals Limited, Mundiyaambakkam.	16,500.000
29	Ponni Sugars and Chemicals Limited	13,755.000
30	Thiru Arooran Sugars Limited , Unit – I	12,000.000
31	Thiru Arooran Sugars Limited , Unit – II	17,333.725
32	E.I.D. Parry (India) Limited, Pettaivaithalai	7,000.000
33	E.I.D Parry (India) Limited, Pugalur (Decan)	16,273.000
34	Kothari Sugars & Chemicals Limited	10,459.000
35	Dharani Sugars, Unit – II	9599.660
36	Ambika Sugars, Pennadam, Cuddalore	38,000.000

37	E.I.D. Parry (India) Limited, Kurumbur	10,000.000
38	Arunachalam Sugars, Tiruvannamalai (Not functioning)	0.000
	Total	2,87,863.847
	Grand Total	5,54,886.769

ANNEXURE-II
DISTILLERIES – PRODUCTION OF SPIRIT
ALCOHOL YEAR - (DECEMBER TO NOVEMBER)
(See Para 8)

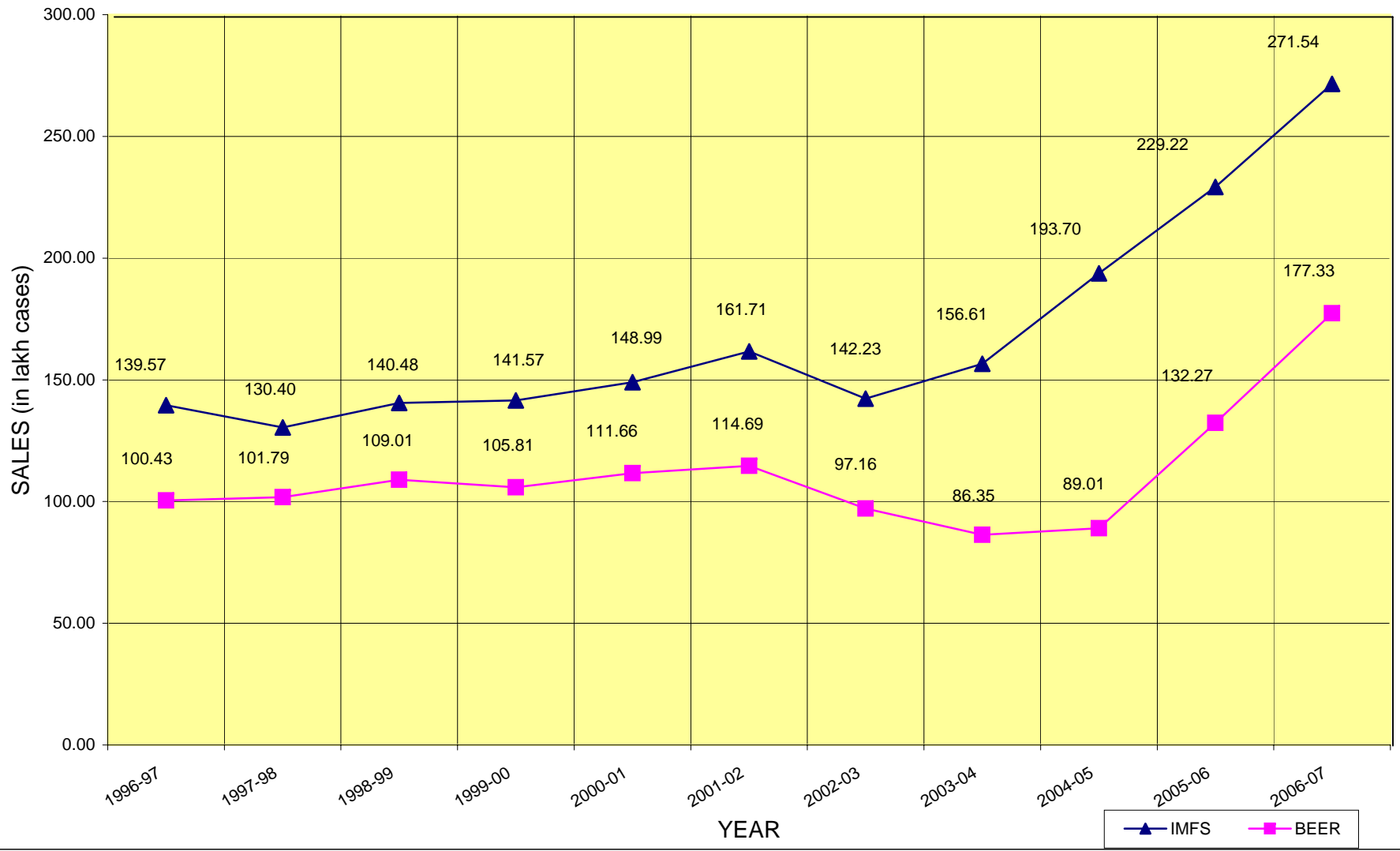
Sl. No.	Name of the Distillery	Molasses Posses-sional limit (In MTs)	Molasses storage capacity (in MTs).	Production of Spirit during December 2005 to November 2006 (Litres in Crores)
DISTILLERIES IN CO-OPERATIVE SECTOR				
1	Salem Co.operative Sugar Mills Limited	55,000	13,750	0.74
2	Amaravathi Co.operative Sugar Mills Limited	55,000	12,000	0.83
DISTILLERIES IN PRIVATE SECTOR				
3	Thiru Arooran Sugars Limited	82,500	20,625	1.51
4	Bannari Amman Sugars Limited	71,350	22,800	1.65
5	Chemplast Sanmar Limited Marigampalli, (Unit I) [Defunct from 06.07.2002	60,000	15,046	0.00
6	Chemplast Sanmar Limited Kadampuliyur, (Unit II)	1,10,000	24,523	1.73
7	Dharani Sugars and Chemicals Limited	36,000	12,600	0.95
8	E.I.D. Parry (I) Limited	60,000	14,077	1.02
9	Kothari Sugars and Chemicals Limited	60,000	10,000	1.17
10	Rajshree Sugars and Chemicals Limited	40,000	12,480	0.96
11	Southern Agrifurane Industries Limited	25,000	10,217	0.45
12	Sakthi Sugars imited	1,19,260	18,600	2.95
13	Trichy Distilleries and Chemicals Limited	1,06,000	26,700	1.35
14	Mohan Breweries and Distilleries Limited	45,000	11,785	0.87
15	Bhavani Distilleries and Chemicals Limited (Started functioning from 29.3.2007)	20,000	5,034	0.00
	TOTAL	9,45,110	,30,237	16.18

ANNEXURE - III
DETAILS OF PRODUCTION OF INDIAN MADE FOREIGN SPIRIT AND BEER
(See Para 10)

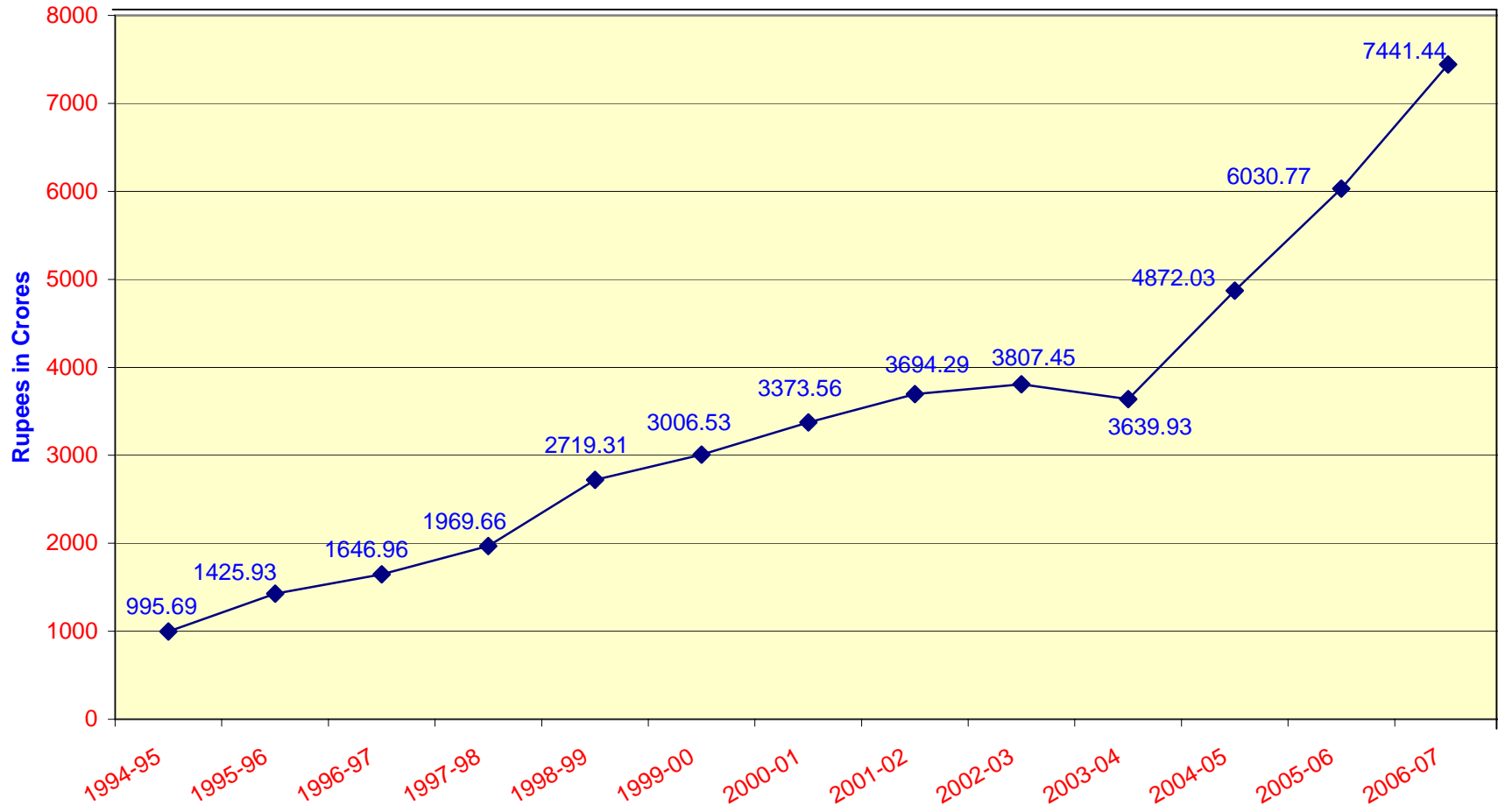
INDIAN MADE FOREIGN SPIRIT

YEAR	QUANTITY (IN CRORE BULK LITRES)
1994-1995	8.10
1995-1996	8.13
1996-1997	12.78
1997-1998	10.90
1998-1999	9.81
1999-2000	11.74
2000-2001	12.43
2001-2002	13.32
2002-2003	11.62
2003-2004	14.04
2004-2005	16.82
2005-2006	19.86
2006-2007	23.87
BEER	
1994-1995	4.18
1995-1996	5.79
1996-1997	5.33
1997-1998	5.25
1998-1999	5.29
1999-2000	4.23
2000-2001	5.76
2001-2002	5.06
2002-2003	4.32
2003-2004	5.95
2004-2005	7.78
2005-2006	10.62
2006-2007	13.68

ANNEXURE-IV
SALE OF IMFS & BEER
(See Para 25)



ANNEXURE-V
Government Revenue for the period from 1994-95 to 2006-07
(See Para 25)



YEAR

Upto February 2007	Rs.6821.32 crore
March 2007 - Projected (11 month average)	Rs. 620.12 crore

Total	Rs.7441.44 crore
