

HOME, PROHIBITION AND EXCISE DEPARTMENT
DEMAND NO.37
PROHIBITION AND EXCISE
POLICY NOTE - 2010-2011
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HOME, PROHIBITION AND EXCISE DEPARTMENT

Demand No.37

PROHIBITION AND EXCISE

Policy Note 2010-2011

PROHIBITION AND EXCISE-ORGANISATION SET UP

The Prohibition and Excise Department is a major revenue earning department of the State functioning under the administrative control of Home, Prohibition and Excise Department.

1. Commissionerate of Prohibition and Excise;
2. The Prohibition Enforcement Wing of the Police;
3. The Narcotics Intelligence Bureau (NIB);
4. The Tamil Nadu State Marketing Corporation Limited (TASMAC).

are the four organizations functioning under this department.

2. TAMIL NADU ACT 14 OF 1982

2.1 “The Tamil Nadu Prevention of Dangerous Activities of Bootleggers, Drug Offenders, Forest Offenders, Goondas, Immoral Traffic Offenders, Sand Offenders, Slum-grabbers and Video Pirates Act, 1982 (Tamil Nadu Act 14 of 1982)” is administered by this Department and necessary amendments to include sand offenders and the persons who indulge in damaging, disfiguring and defiling of statues of deities and leaders under the category of Goondas have been made to this Act in the year 2006 and 2008.

3. EXCISE ADMINISTRATION

3.1 The Excise administration is done by the Commissioner of Prohibition and Excise. Two Joint Commissioners and five Assistant Commissioners are

working to assist the Commissioner in the headquarters.

3.2 The Commissioner is responsible for enforcing various provisions of the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937) and the rules made thereunder and he oversees and controls the entire excise administration in the State. He is vested with powers for granting necessary privileges and licences with prior approval of the Government for the establishment of Distilleries, Indian Made Foreign Spirit, Wine and Beer manufacturing units and for renewing their licences annually.

3.3 The District Collector supervises the excise administration at the district level. He exercises 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 Indian Made Foreign Spirits / Beer manufacturing units, Deputy Collectors are posted as Distillery Officers and Excise Supervisory Officers respectively. Officers of the Revenue Department 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.

3.4 There are fifteen Distillery Officers and eleven Excise supervisory officers in the cadre of Deputy Collectors working in the Distilleries and Indian Made Foreign Spirit / Beer manufacturing Units respectively. There are four Excise Supervisory Officers in the cadre of Tahsildar, three Excise Supervisory Officers in the cadre of Deputy Tahsildar and one Bonded Manufactory Officer in the cadre of Deputy Tahsildar working in the DL licensed units (Chemical units using denatured spirit), and two Bonded Manufactory Officers in the cadre of Tahsildar working in the Bonded Manufactory Warehouses.

Sugar Mills and Molasses

3.5 Molasses produced as a by-product in the manufacture of Sugar in the Sugar Mills is used as the raw material in the manufacture of alcohol. There are 42 sugar mills in the State, out of which 16 are in

the Co-operative Sector, 3 in the Public Sector and 23 in the private sector. The details of the Sugar mills and their capacity for storage of molasses is indicated in Annexure-I.

3.6 The Tamil Nadu Molasses Control and Regulation Rules, 1958 governs the possession, sale, use, transport and export of molasses. An Administrative Service Fee at the rate of Rs.300/- per metric tonne is being levied for export and import of Molasses.

Distilleries and Alcohol

3.7 Major use of alcohol in the State is for the manufacture of Indian Made Foreign Spirit products. However, alcohol in small quantities are used in Educational institutions, Laboratories and Research institutions. Two Distilleries in Co-operative Sector and fifteen Distilleries in private sector are manufacturing

alcohol from molasses in the State. Three out of eight distilleries which have been granted permission for expansion to enhance their total existing production capacity viz., Tvl. Sakthi Sugars Limited, Tvl. Bannari Amman Sugars Limited and Tvl. Dharani Sugars and Chemicals Limited have completed the expansion work and commenced the spirit production to the enhanced capacity. During the year 2009-2010, distillery licence has been issued to Tvl.S.V.Sugars Limited for the operation of a new distillery at Palayaseevaram Village, Kancheepuram District with 100 KLPD production capacity of alcohol from molasses. Again in 2009-2010 privilege has been issued to three distillery units for the production of alcohol using molasses viz. (i) Tvl. Dhanalakshmi Srinivasan Sugars and Chemicals Limited, Perambalur District with the production capacity of 60 KLPD of alcohol (ii) Tvl. Dharani

Sugars and Chemicals Limited, Villupuram District with production capacity of 100 KLPD of alcohol and (iii) Tvl. Rajshree Sugars and Chemicals Limited, Villupuram District with production capacity of 80 KLPD of alcohol.

Indian Made Foreign Spirits and Beer Manufacturing Units

3.8 There are nine Indian Made Foreign Spirits manufacturing units and three Beer manufacturing units in Tamil Nadu supplying IMFS and Beer products respectively to the Tamil Nadu State Marketing Corporation Limited. The details relating to production of IMFS and Beer are furnished in Annexure II. Taking into account the existing capacity within the State for production of Indian Made Foreign Spirits and the projected requirement for sales within the State, the Government have taken a policy decision not to grant

privilege to new units for the manufacture of IMFS for the present.

Manufacture of Wine

3.9 The Government have framed the Tamil Nadu Wine (Manufacture) Rules, 2006 in order to give an opportunity to those interested to establish wineries in the State. In the year 2009-10, a licence for manufacturing wine has been issued to a private sector unit viz. Cumbum valley Winery (P) Ltd., in Theni District. The unit is expected to commence its production shortly. The new winery at the Cumbum valley will be highly beneficial to the grape cultivating farmers of Theni District.

3.10 The Privilege fee, application fee and licence fee for the preparation of Sacramental Wine used in Catholic Churches has been reduced to the

level that prevailed prior to 1999. Accordingly, from 1.9.2009, the following rates of fee are being collected.

		Fee prior to 1.9.2009 Rs.	Reduced fee w.e.f. 1.9.2009 Rs.
i)	Privilege fee	40,000/-	10,000/-
ii)	Application fee	400/-	100/-
iii)	Licence fee	200/-	50/-

Import of Foreign Liquor

3.11 Consequent to General Agreement on Tariffs and Trade (GATT) 1994, restrictions on import of foreign liquor has been removed. The Government have, therefore issued necessary amendments to Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937) and relevant rules made thereunder to make them compatible to World Trade Organisation

agreements. With a view to levy special privilege fee on the IMFS Products and spirits imported from foreign countries and from outside the State, the Tamil Nadu Indian Made Foreign Spirit (Supply by Wholesale) Rules, 1983, has been amended so as to adopt a uniform special privilege fee.

4. GOVERNMENT REVENUE

4.1 Prohibition and Excise department is a major revenue earning department of the State. In the year 2008-2009, the excise revenue earned was Rs.5755.42 crores and the sales tax revenue earned was Rs.4846.08 crores. The revenue generated in the Financial year 2009-2010 is Rs.6733.90 crores under excise and Rs.5757.63 crores under sales tax (provisional). The details of excise revenue and sales tax during 1995-1996 to 2009-2010 are furnished in

Annexure III. The details of volume of Indian Made Foreign Spirit and Beer sold and the revenue generated during 1995-1996 to 2009-2010 are given in Annexures IV and V by way of graphs.

5. PROHIBITION ENFORCEMENT

5.1 The Prohibition Enforcement Wing (PEW) is functioning with the objective of eradicating illicit distillation, transportation, possession and sale of illicit liquor and preventing smuggling of arrack/spurious and seconds IMFS from other States. The Prohibition Enforcement Wing is headed by the Inspector General of Police, Enforcement with effect from 01.06.2009.

5.2 The Inspector General of Police, Enforcement is assisted by one Superintendent of Police (Central Investigation Unit), Chennai and three Superintendents of Police, viz. Superintendents of

Police (Enforcement), at Chennai, Salem and Madurai. The Superintendent of Police, Central Investigation Unit, which is an intelligence set-up is assisted by two Deputy Superintendents of Police, six Inspectors, eight Sub-Inspectors and one head Constable.

5.3 There are 94 PEW units throughout the State, each headed by an Inspector of Police. There are 39 Additional Superintendents of Police and 38 Deputy Superintendents of Police in PEW to cover all the districts and cities. The Units and the Officers are placed under the administrative and operational control of the District Superintendents of Police and Commissioners of Police, on whom the responsibility of prohibition enforcement falls primarily. The PEW Units are declared as Police Stations to implement the Tamil Nadu Prohibition Act, 1937.

Check Posts

5.4 21 stationary check-posts have been set up with the strength drawn from the local police, which are located in Nagapattinam, Cuddalore, Villupuram, Krishnagiri, Salem, Nilgiris and Coimbatore Districts to keep a vigil and check clandestine transport of rectified spirit, spurious and seconds IMFS and arrack sachets from Puduchery, Andhra Pradesh and Karnataka into Tamil Nadu. In addition, 6 mobile check parties, each headed by an Inspector of Police, in Nagapattinam, Cuddalore, Villupuram, Krishnagiri, Tiruvallur and Tiruvarur Districts are functioning.

Rehabilitation of Prohibition Offenders

5.5 In order to make the State completely free from illicit liquor by deactivating the bootlegging activities of prohibition offenders through financial and moral support, rehabilitation fund was

created and in every District a Rehabilitation committee was formed headed by the District Collector. The committee selects the eligible beneficiaries and grants loan upto a maximum of Rs.15,000 to create permanent income for the beneficiaries through 49 kinds of professions like sheep and milch animals breeding, setting up of petty shops etc.

5.6 In the year 2008-2009, an amount of Rs.2.50 crores was provided for implementing this scheme, out of which, a sum of Rs.2.35 crores has been given to 1651 beneficiaries. For the year 2009-2010, a sum of Rs.2.20 crores has been provided for implementing the scheme, out of which, a sum of Rs.219.70 lakhs has been given to 1569 beneficiaries, upto March, 2010.

State-wide Awareness Campaign

5.7 State-wide Awareness programmes are being conducted with the help of Non-Governmental Organisations to spread the message amongst the people about the dangers of illicit liquor / methanol. Prohibition vigilance Committees have been set up in villages to provide the vital co-operation needed by enforcement agencies. Also with the cooperation of the association of 'Alcoholic Anonymous', camps are being organized in each district to create awareness among public including police personnel highlighting the evils of alcohol consumption. Through these camps 347 addicts to alcohol have been rehabilitated during 2009-2010. Several Non-Governmental Organisations, voluntary organizations have been utilized in the campaign. Posters and pamphlets have been flaunted in public places in all districts.

5.8 All efforts are being taken to eradicate illicit / spurious / seconds liquor in the State. The enforcement measures taken by the central investigation unit, district police and prohibition enforcement wing units have contained the illicit distillation, transport and selling to a large extent. Steps have been undertaken to check misuse and diversion of methanol, which has been found to be the main cause of liquor deaths in the State in the earlier years. Due to the concentrated drive by the Prohibition Enforcement Wing, no liquor death had occurred during 2009.

6. NARCOTICS INTELLIGENCE BUREAU (NIB)

6.1 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 its sale, confiscation of vehicles used in its illicit transport 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 14.11.1985. According to this Act, the offender can be arrested without an arrest warrant and the release on bail is not permissible.

6.2 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 1.7.1988, 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, CID, 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 Customs and the Directorate of Revenue Intelligence enforce them.

6.3 At present, the State NIB, CID, is headed by Superintendent of Police, and assisted by one Additional Superintendent of Police, twelve Deputy Superintendents of Police, sixteen Inspectors, seventeen Sub-Inspectors and 126 in other cadres. Each NIB unit has a jurisdiction extending from one to four districts and Inspector heads the unit.

6.4 In the year 2010-2011, the State Narcotics Intelligence Bureau will concentrate on conduct of awareness programme among public and Students on the ill effects of consumption of Narcotics, enhance the number of raids in and around Schools, Colleges etc., and conduct training programmes for the police personnel for effective implementation of the Act.

7. TAMIL NADU STATE MARKETING CORPORATION LIMITED

7.1 The Tamil Nadu State Marketing Corporation Limited (TASMAC), is a company set up on 23.05.1983 under the Companies Act, 1956, for the purpose of taking over from the private sector, the wholesale distribution of arrack and Indian Made Foreign Spirits in the State.

7.2 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 section 17-C(1-A)(a) and 17-C(1-B)(a) of the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937). Further, sale of foreign liquor is also permitted.

7.3 In the Corporate Office, the Managing Director is assisted by the Chief General Manager (Finance) and Company Secretary, the General Manager (Wholesale and Administration) and the General Manager (Retail Vending) both in the cadre of District Revenue Officer and Chief Accounts Officer and by other supporting staff.

7.4 There are 5 Regional Offices at Chennai, Coimbatore, Madurai, Salem and Tiruchirapalli headed by Senior Regional Managers in the cadre of District Revenue Officers. There are 33 District Managers' offices. The District Manager Office, IMFS depots, retail shops and bars attached to the shops in the

concerned district are managed by the District Managers in the cadre of Deputy Collectors. There are 41 IMFS Depots situated throughout the State.

7.5 TASMAL was running **6699** retail shops as on **13.05.2006**. Since then **179** shops have been closed and **350** shops have been relocated based on the representations from the public, particularly women and students even though the location of some of the shops satisfied the requirement of the statutory rules.

7.6 The printing of Maximum Retail Price on the brand labels affixed on the IMFS bottles has been made mandatory by the Government. This has been done with a view to prevent sale of liquor at a price higher than Maximum Retail Price leading to complaints. Printing of Maximum Retail Price on labels came into effect from 01.12.1997. Maximum Retail

Price has been rounded off to the next higher Rs.5/- with effect from 01.10.2009.

7.7 The Government has taken a policy decision that no new retail vending shop will be opened with effect from 01.01.2009 and the working hours of the shops have been reduced from 16 hours that prevailed in 2006 to 12 hours in 2009, i.e. between 10.00 a.m. and 10.00 p.m.

7.8 The consolidated pay per month of Supervisors, Salesmen and Bar tenders working in the retail vending shops of TASMACH has been increased with effect from 01.08.2009 as follows:

Category	Prior to 01.08.2009	From 01.08.2009
Supervisor	Rs.3500/-	Rs.4000/-
Salesman	Rs.2400/-	Rs.2800/-
Bar tender	Rs.1800/-	Rs.2100/-

8. CONCLUSION

This Government will continue its efforts to control the prevalence of illicit arrack, spurious/seconds liquor with a view to prevent loss of life.

M. KARUNANIDHI
Chief Minister

ANNEXURE – I
DETAILS OF SUGAR MILLS IN THE STATE WITH THEIR
MOLASSES STORAGE CAPACITY
(See para 3.5)

Sl.No.	Name of the Sugar Mill	Molasses Storage Capacity (In M.T.)
	Thiruvallargal	
	<u>CO-OPERATIVE SECTOR</u>	
1	Amaravathy Co-operative Sugar Mills Limited	11,000.000
2	Madurantakam Co-operative Sugar Mills Limited	12,000.000
3	Tirutani Co-operative Sugar Mills Limited	14,000.000
4	Dharmapuri Co-operative Sugar Mills Limited	21,400.000
5	Subramaniya Siva Co-operative Sugar Mills Limited	12,000.000
6	National Co-operative Sugar Mills Limited	17,000.000
7	Ambur Co-operative Sugar Mills Limited	14,500.000
8	Tirupattur 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	16,000.000
11	Kallakuruchi Co-operative Sugar Mills Limited- Unit I	15,000.000
12	M.R.Krishnamoorthy Co-operative Sugar Mills Limited	12,000.000
13	Kallakuruchi Co-operative Sugar Mills Limited- Unit II	12,000.000
14	Salem Co-operative Sugar Mills Limited	19,000.000
15	N.P.K.R. Ramaswamy Co-operative Sugar Mills Limited	14,000.000
16	Cheyar Co-operative Sugar Mills Limited	12,000.000
	TOTAL	2,40,520.000
	<u>PUBLIC SECTOR</u>	
17	Madura Sugars	6,000.000
18	Arignar Anna Sugar Mills	16,502.922
19	Perambalur Sugar Mills Limited	12,000.000
	TOTAL	34,502.922

Sl.No.	Name of the Sugar Mill	Molasses Storage Capacity (In M.T.)
	Thiruvallargal	
	<u>PRIVATE SECTOR</u>	
20	S.V.Sugar Mills Limited	29,100.000
21	Rajshree Sugars & Chemicals Limited, Unit-I	12,000.000
22	Dharani Sugars & Chemicals Limited, Unit-I	12,600.000
23	Sakthi Sugars Limited, Unit-I	19,278.000
24	Bannari Amman Sugars Limited	12,194.750
25	Sakthi Sugars Limited, Unit-II	16,200.000
26	Shree Ambika Sugars Limited	24,000.000
27	E.I.D. Parry (India) Limited, Nellikuppam	18,600.000
28	Rajshree Sugars & Chemicals Limited, Unit-II	13,000.000
29	Ponni Sugars & Chemicals Limited	13,755.000
30	Thiru Arooran Sugars Limited, Unit-I	24,000.000
31	Thiru Arooran Sugars Limited, Unit-II	17,333.725
32	E.I.D Parry (India) Limited, Pettavaithalai	11,000.000
33	E.I.D Parry (India) Limited, Pugalur, Karur	21,773.000
34	Kothari Sugars & Chemicals Limited, Tiruchirapalli	10,459.000
35	Dharani Sugars and Chemicals Limited, Unit-II	15,000.000
36	Shree Ambika Sugars, Pennadam.	38,000.000
37	E.I.D Parry (India) Limited, Kurumbur	10,000.000
38	Arunachalam Sugars (Not functioning)	6,000.000
39	Kothari Sugars & Chemicals Limited, Perambalur	16,000.000
40	Sakthi Sugars Limited, Unit-III, Erode	4,000.000
41	Rajshree Sugars & Chemicals Limited, Unit-III, Villupuram	5,000.000
42	Dharani Sugars and Chemicals Limited, Unit-III, Villupuram	13,000.000
	TOTAL	3,62,293.475
	GRAND TOTAL	6,37,316.397

ANNEXURE – II
DETAILS OF PRODUCTION OF INDIAN MADE
FOREIGN SPIRITS AND BEER
(See para 3.8)

YEAR	QUANTITY (IN CRORE BULK LITRES)
PRODUCTION OF IMFS	
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
2007-2008	27.02
2008-2009	31.08
2009-2010	36.66
PRODUCTION OF BEER	
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
2007-2008	15.80
2008-2009	17.11
2009-2010	18.62

ANNEXURE – III
DETAILS OF EXCISE REVENUE AND SALES TAX –
1995-1996 to 2009-2010
(See para 4.1)

Sl. No.	YEAR	EXCISE REVENUE	SALES TAX	TOTAL
		(Rupees in Crores)		
1	1995-1996	934.66	491.27	1425.93
2	1996-1997	1063.07	583.89	1646.96
3	1997-1998	1299.85	669.81	1969.66
4	1998-1999	1709.82	1009.49	2719.31
5	1999-2000	1833.74	1172.79	3006.53
6	2000-2001	1868.68	1504.88	3373.56
7	2001-2002	2058.21	1636.08	3694.29
8	2002-2003	2113.59	1693.86	3807.45
9	2003-2004	1657.10	1982.83	3639.93
10	2004-2005	2549.00	2323.03	4872.03
11	2005-2006	3176.65	2854.12	6030.77
12	2006-2007	3986.41	3487.20	7473.61
13	2007-2008	4764.05	4057.11	8821.16
14	2008-2009	5755.42	4846.08	10601.50
15	2009-2010 (Provisional)	6733.90	5757.63	12491.53