

# **Prohibition and Excise Department**

**Demand No : 36**

**Note on Policy- 2003-2004**

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## INTRODUCTION

- 1.1 The Prohibition Policy of the State aims at weaning away the poor and down-trodden people from the consumption of illicit liquor that causes extensive damage to their health and ruins their fragile economy. However, the Government is conscious of the fact that it cannot ignore the revenue potential that could be tapped from the more prosperous sections of the population by imposing suitable rates of duties and taxes on liquor.
- 1.2 The Government is committed to ensuring that when the people do consume liquor, they are provided with quality and standardized liquor and get good value and quality for the price paid by them so that their lives and health are not endangered.
- 1.3 The Government would continue to fight relentlessly against illicit liquor and non-duty paid items and pursue its efforts even more vigorously to educate the poor and economically weaker sections of the population about the harmful effects of liquor. The Government recognizes the fact that the participation of Non-governmental organizations, voluntary agencies, self-help groups and womens' organizations would be of immense help in its fight against illicit liquor and drinking. It would, therefore, continue to take all possible measures to involve them in the fight against illicit liquor to prevent liquor related tragedies and loss of human lives. All out efforts would continue to be made to eradicate illicit, spurious and non-duty paid liquor. All persons involved in such activities would be dealt with severely under the stringent provisions of the law to protect not only the revenue of the Government, but also the lives of poor and ignorant people who become the helpless victims of liquor tragedies that could result because of the consumption of illicit liquor and poisonous brew.
- 1.4 Members will be glad to note that owing to the stringent steps taken by the Government during the year 2002-2003, there was not a single instance of death from the consumption of methanol-contaminated or other poisonous brews anywhere in the State. The Government would continue to enforce stringent measures and watchful vigilance on the use of methanol with a view to prevent liquor tragedies.

## 2. TREND OF EXCISE REVENUE

- 2.1 The Prohibition and Excise Department's contribution to State Revenues through the levy of excise duty and sales tax on liquor is quite significant. In the year 2001-2002, the Department contributed a sum of **Rs.3694.29** Crores, of which **Rs.2058.21** Crores from the Excise revenue and **Rs.1636.08** Crores from the Sales Tax on liquor. In the year 2002-2003 the total contribution to State Revenue was **Rs.3808.35** Crores.
- 2.2 The Excise revenue consists of two important components viz.,(1) privilege amount for the retail vending of IMFL (2) Excise duty and Vend Fees leviable on liquor. In the Excise year ending 31.7.2002, **5512 IMFL** retail shops were licensed and the privilege amount collected was **Rs.548.79 crores**. In the current Excise year 2002-2003 up to 15<sup>th</sup> March 2003, a sum of **Rs.629.51 Crores** was realized as privilege amount from the sale of **5144 shops**. This is an increase of **Rs.80.72 Crores** over 2001-2002.
- 2.3 While framing the Excise Policy for granting privilege to vend IMFL in retail for the year 2002-2003, the Government noticed that a number of IMFL retail vending licensees of 2001-2002 had failed to achieve the off- take target fixed for them and had resorted to litigation before the High Court on the ground that the Government had no authority to levy penalties for non-achievement of minimum off-take. In some cases, they based their challenge on the ground that the off-take target was intimated after the grant of licence. The Government, therefore, decided that for the Excise Year 2002-2003, while the number of shops would be increased to 7000, all the shops should be sold by fresh drawal of lots after intimating the off-take target well in advance prior to the grant of licence and deleted the provision relating to the renewal of existing licences. The Government issued orders in G.O.Ms.No.128, 129, 130 Prohibition and Excise (VI) Department dated 8.7.2002, fixing the total number IMFL retail shops to be established in the State as 7000 and to be disposed of as per the procedure laid down in G.O.Ms.No.115, Prohibition and Excise (VI) Department dated 22.6.2001 (i.e.) by drawal of lots for selection of applicants for grant of privilege. With a view to augmenting the revenue from privilege fees, the Government also revised and refixed the privilege amount of IMFL retail vending shops in the various categories of local areas, for the year 2002-2003 compared to the previous year, as follows:

<b>Sl. No.</b>	<b>Area</b>	<b>Privilege amount for 2001-2002 (Rs. in lakhs)</b>	<b>Privilege amount for 2002-2003 (Rs. in lakhs)</b>
1	Corporations	14.00	16.10
2	Special Grade/Selection Grade/Municipalities	12.00	13.80
3	Other grade Municipalities	11.00	12.65
4	Special grade /Selection Grade Town Panchayats	9.00	10.35
5	Other Grade Town Panchayats	8.00	9.20
6	Village Panchayats	5.00	6.00

- 2.4 In G.O.Ms.No.129 Prohibition and Excise (VI) Department, dated 8.7.2002, the Government also ordered the re-categorization of shops located in the peripheries of Corporation/Municipalities on par with the respective Corporation/Municipalities for the purpose of fixing the privilege amount, as a measure to augment the revenue to Government.
- 2.5 Aggrieved by this order, certain traders approached the High Court and since they obtained adverse orders, the Government had to take up the matter on appeal to the Supreme Court of India. The stand taken by the Government on the question of fixation of minimum off-take was confirmed by the Supreme Court though it also confirmed the High Court's order granting renewal to some licensees who had applied by 31.7.2002. As per the orders of the Supreme Court, licenses were granted to all the persons who were selected by lot and also to those who had applied for renewal within the date fixed by the Hon'ble High Court, Chennai.
- 2.6 Thus, a total of 4603 shops were licensed by drawal of lot and 131 shops were granted license by way of additional shops as per Court Orders for a period of one year from 16.9.2002. In respect of the remaining shops, since repeated re-notification for further drawal of lots did not yield good results because the protracted litigation had considerably cut into the excise year, action was taken to grant the unsold shops by nomination to the Co-operative societies and the Tamil

Nadu Civil Supplies Corporation in order to get additional revenue for the Government. As a result of all these efforts, the Government have so far realized a sum of Rs.629.51 Crores as against Rs.548.79 crores in the previous year. 410 shops have been allotted to Co-operatives/Tamil Nadu Civil Supplies Corporation Ltd., bringing the total number of licensed shops on 15<sup>th</sup> March 2003 to 5144. As the allotment of shops on nomination basis to the Co-operatives and the Tamil Nadu Civil Supplies Corporation is still continuing, the collection of privilege amount is likely to increase further.

- 2.7 The off-take of IMFS in the year 2001-2002 was 161.72 lakh cases. However, this included 20.70 lakh cases of cheap liquor introduced by the Government in January 2002 to provide a safe alternative to illicit liquor. Since the revenue loss to the Government on account of the sale of cheap liquor was enormous, the cheap liquor had to be discontinued in April 2002. In spite of this, with an anticipated IMFS off-take during 2002-2003 of 142.23 lakh cases, the total Government revenue from excise duty and sales tax on liquor in 2002-2003 is **Rs.3808.35 crores (unreconciled)** which will be **Rs.114.06 crores** more than the revenue of 2001-2002.
- 2.8 A comparison of figures of the last 3 years will, therefore, go to show that there has been a positive growth in revenue from excise duty and sales tax on liquor in spite of temporary reverses caused by judicial review that resulted in some dislocations in the positioning of shops and on IMFL off-take. The net increase in the overall contribution during 2002-2003 is likely to be Rs.114.06 crores, which is creditable.

### **3 STEPS TAKEN BY THE GOVERNMENT IN 2002-2003 TO AUGMENT EXCISE REVENUE IN THE STATE**

3.1 Though the overall revenue obtained from the Excise department in Tamil Nadu is one of the highest in the country, the Government felt that more avenues for tapping additional revenue should be explored. Accordingly, the Government issued orders in G.O. (Ms.)No.174 Prohibition and Excise (XIII) Department, Dated 29.7.2002 to constitute a High Level Committee to study the matter and to suggest ways and means to augment Excise Revenue. The Committee, after a detailed study, made various recommendations which were accepted by the Government vide G.O.Ms.No.242 Prohibition and Excise VI Department Dated 22.10.2002.

3.2 Based on the recommendations of the Committee,:

- 1) The Government issued orders in G.O.Ms.No.46 Prohibition and Excise VIII Department dated 27.02.2003 raising the excise duty on import/local purchase of Rum by Canteen Stores Department from Rs.2.75 to Rs.22/- (Rupees twenty two only) per proof litre.
- 2) The profit margin of Tamil Nadu State Marketing Corporation Ltd. was increased to 20% in the case of IMFS and to 40% in the case of beer for sale to Hotels and Clubs.
- 3) Rules are being amended to levy a special import permit license fee equivalent to the profit margin of the Tamil Nadu State Marketing Corporation Ltd. on IMFS and Beer items imported by Clubs and Hotels.
- 4) A Registration/ Renewal fee of Rs.2 lakhs (Rupees two lakhs only) per annum per brand was ordered to be levied in respect of existing IMFS and Beer Brands also.
- 5) A label approval fee was ordered to be collected at the rate of Rs.5000/- (Rupees five thousand only) per brand label.
- 6) Rules are being amended to merge Manufacturers' and wholesalers' vend fee with the excise duty in respect of both IMFS and Beer items, with a suitable revision in the percentage of trade and cash discounts to Tamil Nadu State Marketing Corporation Ltd., to protect existing revenue.
- 7) Tamil Nadu State Marketing Corporation Ltd., introduced a 100 ml pack size in the ordinary category of Indian Made Foreign Spirit at the existing duty and tax structure.

The measures (1) to (6) are expected to yield **Rs.22.36 Crores** in a full financial year.

3.3 The Government also revised import permit licence fee on beer from Rs.67/- to Rs.76/- with effect from 20.6.2002 in G.O.Ms. No.185, Prohibition and Excise (VIII) Department dated 21.08.2002. This will net **Rs.12.27 Crores** during this year. The rate of additional Vend fee was also increased from Rs.17.18 to Rs.19.29 per Bulk Litre. This will yield **Rs.25.50 Crores** during this year.

### **STATE EXCISE LABELS**

3.4 The Excise Labels with holograms are the security features in any wholesale and retail distribution system of liquor. The Excise Label printing machines in the printing unit in the Office of the Commissioner of Prohibition and Excise have become old, which has resulted in frequent disruption in the production and supply of excise labels. An Expert Committee comprising leading scientists in the field of holography was appointed to study and suggest suitable measures to be adopted for improving the security features of the excise label and hologram and to suggest suitable procedures to be adopted for producing such improved excise labels. The recommendations of the Committee will be examined by the Government and suitable steps will be taken to incorporate the highest security features with total security proof against counterfeiting. This will make the sale of contraband and non-duty paid or spurious liquor extremely difficult in future.

## **4. ORGANISATION AND FUNCTIONS OF THE PROHIBITION AND EXCISE DEPARTMENT**

4.1 The Prohibition and Excise Department in the Secretariat is headed by the Secretary, Prohibition and Excise. The Secretary is assisted by one Deputy Secretary apart from the other supporting staff. Policy formulation and review of implementation of the policies are the main functions of the administrative department at the Secretariat level. The following are the three important wings under the control of Prohibition and Excise Department:

- 1) Commissionerate of Prohibition and Excise
- 2) Prohibition Enforcement Wing
- 3) Tamil Nadu State Marketing Corporation Limited.

### **COMMISSIONER OF PROHIBITION AND EXCISE**

4.2 The Commissioner of Prohibition and Excise is the Head of the Department. He is assisted by two Joint Commissioners (in the cadre of DRO), one Financial Controller (in the cadre of Joint Secretary to Government, Finance Department) and four Assistant Commissioners in the headquarters, besides a flying squad headed by an Assistant Commissioner to conduct surprise inspections and random checks.

4.3 The Commissioner of Prohibition and Excise assists the Government in formulating the policies on Prohibition and Excise and their implementation. He is in charge of enforcing the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937) and the various rules made thereunder.

4.4 The Commissioner is the authority vested with the power to grant the privilege and licence to establish a distillery and to manufacture alcohol, with the prior approval of the Government. The Commissioner of Prohibition and Excise also grants the privilege and licence for the establishment of Bottling Units for IMFS and Beer with the prior approval of the Government. The power of granting annual renewal of the licences of units so established in the State is also conferred on him under the rules.

### **DISTRICT LEVEL**

4.5 At the District level, the District Collector supervises excise administration. He has various statutory powers and responsibilities under the Act and Rules. 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 assist the Collectors.

4.6 Deputy Collectors are posted as Distillery Officers, Excise Supervisory Officers in the Distilleries and IMFL Manufactory units 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 respectively to supervise the proper use of alcohol and to levy excise duty on excisable articles under the Tamil Nadu Prohibition Act, 1937, the Medicinal and Toilet Preparations Act, 1955 and the Rules framed thereunder.

- 4.7 There are 15 Distillery Officers in the cadre of Deputy Collectors in the Distilleries and 7 Excise Supervisory Officers in the IMFS and Beer manufacturing units. There are 12 Excise Supervisory Officers in the cadre of Deputy Tahsildars in the DL licensed units (Chemical units using denatured spirit), 1 Excise Supervisory Officer in RL licensed units (Chemical units using rectified spirit) and 4 Bonded Manufactory Officers in the Bonded Manufactory Warehouses.

## **SUGAR MILLS AND MOLASSES**

- 4.8 There are 38 Sugar mills in the State, 19 in the Private Sector, 16 in Co-operative Sector and 3 in the Public Sector, which produce Molasses as a bye-product in the manufacture of Sugar.
- 4.9 As per the Tamil Nadu Molasses Control and Regulation Rules, 1958 the Collectors/Additional Collectors/District Revenue Officer of the district are the competent authorities to issue licences.
- 4.10 Consequent on the decontrol of molasses, the Sugar Mills are free to sell molasses to any licensed user depending on the quantity indicated in the licence.
- 4.11 In order to augment the revenue, Government levies an Administrative Service Fee of Rs.200/- per metric tonne of export of Molasses from this State.
- 4.12 The total quantity of Molasses produced during the current Molasses year from October 2002 upto February 2003 is 3.03 lakh MTs., of which, a quantity of 1.08 lakh MTs. of molasses has been exported to other States/Countries. This fetched a sum of **Rs.2.16 Crores** for the Government towards Administrative Service Fee.

## **DISTILLERIES AND ALCOHOL**

- 4.13 There are 15 Distilleries in the State manufacturing alcohol. Of the 15 Distilleries, 13 are in the Private Sector and 2 are in the Co-operative Sector.
- 4.14 Alcohol is used as a raw material in the manufacture of IMFS products, various other chemicals and varnish. It is also used in small quantities by Educational Institutions, Laboratories, Research Institutions etc.,
- 4.15 After the Government of India rescinded the Ethyl Alcohol (Price control) order, 1971 in 1993, there is no price control on Ethyl Alcohol. The State Government, therefore, issued guidelines regulating the sale, movement, possession and use of alcohol by the licensees in the State. The regulation on the use of alcohol for various purposes like sale, possession, use, import, export and transport are governed by the existing State Rules, namely the Tamil Nadu Rectified Spirit Rules 1959 and the Tamil Nadu Denatured Spirit and Varnish (French Polish) Rules, 1959. In order to prevent

diversion and misuse of Rectified Spirit, the issue of new licences has been tightened by framing the Tamil Nadu Rectified Spirit, Rules 2000 in the place of the Tamil Nadu Rectified Spirit Rules 1959.

- 4.16 Since Tamil Nadu is surplus in alcohol, the export of alcohol by the Distilleries is being permitted. Also, in order to encourage local utilization of Molasses for conversion into alcohol so as to discourage the export of molasses as a raw material, the Government in G.O.Ms.No.27 Prohibition and Excise (XIII) Department Dated 13.5.2002, issued orders reducing the Export Pass Fee from Rs.6/- to Rs.3/- for the export of alcohol from all the Distilleries to other States.

## **5. PROHIBITION ENFORCEMENT WING (PEW)**

- 5.1 The Prohibition Enforcement Wing (PEW) was revived in July'1998 with the avowed objective of totally eradicating illicit distillation, transportation, possession and sale of illicit liquor / non-duty paid IMFS and preventing its smuggling from other States. The Prohibition Enforcement wing, which was earlier headed by an Inspector General of Police, is now headed by the Additional Director General of Police (Enforcement) with effect from 13.06.2001.
- 5.2 The Additional Director General of Police, (Enforcement) is assisted in his task by four Superintendents of police, one at Headquarters, viz. Superintendent of Police, CIU and 3 Superintendents of Police, Enforcement at Chennai, Salem and Madurai. The Central Investigation Unit collects intelligence on prohibition matters and also prepares statistics on the enforcement work by PEW as well as local police. The sanctioned strength of CIU is 2 Deputy Superintendents of Police, 6 Inspectors, 8 Sub-Inspectors and 1 Head Constable.
- 5.3 There are 94 PEW units throughout the State, each headed by an Inspector of Police. There is also an Additional Superintendent of Police/PEW and a Deputy Superintendent of Police/PEW in each district (i.e., a total of 37 Additional Superintendents of Police, 37 Deputy Superintendents of Police including those in the Cities), who are placed under the control of the District Superintendents of Police and Commissioners of Police, on whom primarily falls the responsibility of prohibition enforcement. The PEW Units have been declared as Police Stations to enforce the Tamil Nadu Prohibition Act, 1937. The Government also issued orders sanctioning the use of confiscated vehicles in the Prohibition Enforcement Wing.
- 5.4 The Additional Director General of Police, Enforcement exercises control over the PEW Units / Officers through the District Superintendents of Police / Commissioners of Police who are primarily responsible for the enforcement of prohibition with the help of the PEW Units and the local police under their command. As per G.O.(D) No. 444, Prohibition and Excise (V) Department dated 25.03.1991, the Village Administrative Officers and Station House Officers of Police Stations have been held responsible for effective check and eradication of illicit liquor and these instructions have been reiterated. Prohibition Vigilance Committees have also been formed/activated to tighten prohibition enforcement.
- 5.5 In order to motivate the police personnel, the Government also issued orders in G.O.Ms.No.42 Prohibition & Excise (VII) Department, dated 11.2.2002 sanctioning 10% money reward whenever vehicles are seized with Spurious/non duty paid IMFS.
- 5.6 In pursuance of an announcement made last year, a Rehabilitation Committee and a Rehabilitation Fund with financial assistance of Rs.2.50 Crores per annum were ordered to be set up in G.O.Ms.No.263 Prohibition and Excise (VII) Department dated 17.12.2002. All District Collectors have been asked to identify black spot villages in their districts as well as erstwhile distillers/Vendors of illicit arrack with a view to weaning them away from this pernicious occupation and to provide them

assistance, grants and loans to take up other means of livelihood. Several District Collectors as e.g. Coimbatore, Erode, Perambalur and Salem have already sanctioned loans to undertake alternative economic activity to a number of erstwhile prohibition offenders. This refreshingly new approach will be implemented all over the State by all District Collectors.

## **STATE– WIDE AWARENESS CAMPAIGN**

- 5.7 A State–wide Awareness Campaign to spread the message amongst the people about the dangers of illicit liquor / methanol was launched by the PEW / local police and in 2002, it was expanded to all the districts in the State. Much emphasis has been given to harness the cooperation of the **WOMEN SELF HELP GROUPS**, apart from several NGOs., Voluntary Organizations. Rallies/functions have been held in different parts of the State e.g. in Erode, Coimbatore, Pudukottai Madurai Theni, Villupuram, Thanjavur, Tirunelveli, Sivagangai, Tiruchirapalli, Vellore, Salem etc. On 19.01.2003, in Kancheepuram district, a huge meeting and Rally was organized by the Collector Kanchipuram and Superintendent of police Kancheepuram with WOMEN SELF HELP GROUPS. Posters and Pamphlets have been printed and sent to Districts to be exhibited in public places. Slides are being shown in Cinema Halls. Village level street plays, seminars etc., are also being conducted.

## **ENFORCEMENT: PERFORMANCE AND ACHIEVEMENTS**

- 5.8 Prohibition enforcement was tightened with stricter action against prohibition offenders and smugglers of Illicit Distilled arrack, Rectified Spirit and spurious/non-duty paid IMFS, the notorious amongst whom were detained under Tamil Nadu Act 14 of 1982. Inter–State rackets in major transportation / manufacture of spurious / non-duty paid IMFS were smashed and the kingpins behind these illicit activities arrested. The stress was on thorough investigation and effective prosecution of cases so that an impact would be felt where it matters most. To curb smuggling of non-duty paid / spurious IMFS, Rectified Spirit and ID arrack from Karnataka, Pondicherry and Andhra Pradesh, the functioning of the existing 21 sanctioned Check Posts was tightened and supplemented by additional temporary Check Posts and Mobile Check Posts. During 2002-2003, the notorious inter-state smugglers Majestic Mohan of Thiruvannamalai district, Simon of Pondicherry and Anandu of Karaikal who were absconding for a long time and who were involved in cases of seizures of many four wheelers were arrested. The co-operation of the police of the adjoining States was sought during the Regional Committee meeting with the neighbouring States on 31.1.2003.
- 5.9 The drive against illicit liquor was maintained during the year. Special precautions were taken against the abuse of Methanol that had been the main reason for hooch tragedies in the past. During the last one year, it is a matter of satisfaction that there has been no case of death due to methanol-contaminated or other poisonous brews.

- 5.10 A total of **1246** notorious prohibition offenders were detained under the Tamil Nadu Act 14 of 1982 from April 2001 to March 2002. A total of **1078** prohibition offenders were detained during April 2002 to February 2003.
- 5.11 A total of **60.22** lakh litres of Illicit Distilled arrack was seized from April 2001 to March 2002. **56.18** lakh litres of Illicit Distilled arrack was seized during April 2002 to February 2003.
- 5.12 A total of **4.81** lakh numbers of Karnataka and other State arrack sachets were seized from April 2001 to March 2002. A total of **7.29** lakh numbers of Karnataka and other State arrack sachets were seized during April 2002 to February 2003.
- 5.13 A total of **3.97** lakh litres of Rectified Spirit was seized from April 2001 to March 2002. A total of **4.07** lakh litres of Rectified Spirit was seized during April 2002 to February 2003.
- 5.14 A total of **3890** motorized vehicles were seized from April 2001 to March 2002. A total of **3751** motorized vehicles were seized during April 2002 to February 2003.
- 5.15 A total of **155.40** lakh litres of fermented wash has been seized from April 2001 to March 2002. A total of **164.28** lakh litres of fermented wash has been seized during April 2002 to February 2003.
- 5.16 A total of **7139** distillation cases have been detected from April 2001 to March 2002. A total of **10141** distillation cases have been detected during April 2002 to February 2003.
- 5.17 The “Black Spot Villages” where distillation and Selling of Illicit Distilled arrack has been taking place over the years have been identified and ‘Black Spot Village Registers’ have been prescribed in every Police Station and PEW Units to systematically monitor the efforts to firmly curb the activities of bootleggers and to achieve the objective of illicit liquor free villages by eradicating all bootlegging activities in the village through strict enforcement, Rehabilitation work, Awareness Campaigns and by eliciting the co-operation of the people through Prohibition Vigilance Committees.

## **6. NARCOTICS INTELLIGENCE BUREAU**

- 6.1 In this State, the District Police, Railway Police, Prohibition and Enforcement Wing, Narcotic Intelligence Bureau, CID under the Control of State Government and Narcotics Control Bureau, the Collector of Customs and the Directorate of Revenue Intelligence under the control of the Central Government are enforcing the Narcotics Laws.
- 6.2 During the year 2002, the Narcotics Intelligence Bureau has seized 3,828.2 Kgs of Dry Ganja in 1166 cases valued at Rs.1.91 crores. In respect of wet ganja, the seizure was 1,14,628 Kgs. in 97 cases valued at Rs.22.93 crores. In respect of heroin, the number of cases detected was 15 and the quantity seized was 0.996 Kgs. worth Rs. One crore.

## **7. TAMIL NADU STATE MARKETING CORPORATION LIMITED (TASMAC)**

- 7.1 The Tamil Nadu State Marketing Corporation Limited (TASMAC) is a company incorporated on 23.05.1983 under the Companies Act, 1956. TASMAC is vested with the exclusive privilege of wholesale supply of IMFL for the whole State of Tamil Nadu as per Section 17-C (1-A) (a) of the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937). The Secretary to Government, Prohibition and Excise is the Chairman of TASMAC.
- 7.2 TASMAC has its Corporate Office at Chennai. In the Corporate Office, the Managing Director is assisted by one General Manager (General), in the cadre of District Revenue Officer, one General Manager (Finance) and Company Secretary, two Managers and other supporting staff.
- 7.3 TASMAC has an authorized share capital of Rs.15.00 Crores. The Government has invested a total of Rs.7.00 Crores, i.e., Rs.5.00 Crores in 1983 and Rs.2.00 Crores in 1998. The State Bank of India has sanctioned cash credit accommodation up to a maximum of Rs.65.00 Crores.
- 7.4 TASMAC procures IMFS and Beer stocks locally from five IMFS manufacturers and two Beer manufacturers in the State. Certain IMFS, Scotch and Beer products are imported from other States.
- 7.5 There are five regional offices at Chennai, Coimbatore, Madurai, Salem and Tiruchirappalli headed by Senior Regional Managers in the cadre of District Revenue Officers. The Corporation is distributing the stock through its 40 IMFL depots situated throughout the State. These depots are headed by Depot Managers in the cadre of Tahsildars.

### **OWN GODOWNS FOR TASMAC**

- 7.6 Earlier, the depots of TASMAC were functioning in rented buildings, which were found to be inadequate since TASMAC's business has grown more than 10 fold from 1983, leading to large number of waiting lorries, stock outs of fast moving items etc. Hence, it was felt necessary to have godowns owned by TASMAC with adequate storage capacity. During the year 1998-99 and 1999-2000, TASMAC took possession of the erstwhile blending units of TASCOS and located ten of its depots there.
- 7.7 TASMAC has constructed its own office-cum-godowns in the following places and ten of its depots are functioning in these buildings:
- |   |                |    |              |
|---|----------------|----|--------------|
| 1 | Ambattur-II    | 2  | Tiruvallur   |
| 3 | Namakkal       | 4  | Sivaganga    |
| 5 | Toothukudi     | 6  | Virudhunagar |
| 7 | Ramanathapuram | 8  | Pudukkottai  |
| 9 | Kancheepuram   | 10 | Thanjavur    |

## **COMPUTERISATION PROGRAMME**

7.8 In order to have better inventory management, it is necessary to have up-to-date information regarding the stock position which will prevent, or at least minimize, instances of stock-outs of fast moving items. It will also enable proper monitoring of the district-wise and retailer-wise off-take of IMFS and Beer. Potential dealers in non-duty paid/spurious liquors can be identified and promptness and accuracy in the submission of the various statements/returns/claims submitted to Corporate Office/Government can be ensured. The computerization of TASMALC operations was, therefore, taken up to achieve greater operational efficiency. The operations of all the 40 Depots and Corporate Office have been successfully computerized and as a result of effective inventory management through improved feedback from the computerized Management Information System, TASMALC is now in a position to maintain optimum stock of all fast moving items at all depots.

## **TURNOVER**

7.9 During the year 2002-2003, the turnover of TASMALC (up to February 2003) was Rs.2663.00 Crores.

## **REDUCTION IN TRANSIT LOSS**

7.10 With effective monitoring and supervision of unloading of IMFS and Beer items on arrival in the TASMALC Depots, the transit loss has been considerably brought down from **0.29%** during the year 1998-99 to **0.16%** in 2002 - 2003, which has resulted in savings in the insurance premium amount to the extent of Rs.**1.41** Crores during the year 2002-2003.

## **DIVIDEND**

7.11 TASMALC continued to generate a surplus during the year 2001-2002 also and paid dividend of Rs.35.00 lakhs to the Government at the rate of 5%. Similar results are expected in 2002-2003 also.

## **TAMIL NADU SPIRIT CORPORATION LIMITED**

7.12 Tamil Nadu Spirit Corporation Limited, a subsidiary company of the TASMALC, came into existence in 1989 for the purpose of manufacturing IMFS, Beer and Country Liquor. It commenced its production of Beer from 31.12.1989 and country liquor from 21.7.1990. The production of country liquor and beer was, however, discontinued with effect from 16.07.1991 and 31.1.1992 respectively.

## **AMALGAMATION OF TASCAL WITH TASMALC**

7.13 The Government in Letter (Ms) No.183, Prohibition and Excise (VIII) Department, dated 14.09.2000, issued a certificate to the effect that the amalgamation of TASCAL with TASMALC is in the public interest and approved the Scheme of



Amalgamation. The scheme was then forwarded to the Government of India for approval. The Department of Company Affairs, New Delhi have approved and notified the scheme in the Gazette of India Extraordinary No.24 dated 09.01.2003. As per this notification, TASCO has been dissolved with effect from 09.01.2003.

## **MEASURES TO IMPROVE OPERATIONAL EFFICIENCY**

### **NETWORK CONNECTIVITY**

7.14 Network connectivity between the office of the Secretary to Government, Prohibition and Excise and TASMACH has been established at a cost of Rs.13.80 lakhs. Online transmission of the data to Secretariat has been enabled with the completion of this project.

### **MODERNIZING OF TASMACH DEPOT OPERATIONS**

#### **7.15 Updating the software and hardware configurations at Depots**

In the Policy Note for the year 2002-2003, it was proposed to modernize the operations of TASMACH in a phased manner. The following ten depots, which have high volume turnover, were taken up in the first phase for updating the existing software/hardware configurations.

- |                      |                    |
|----------------------|--------------------|
| 1. Ambattur-1        | 2. Ambattur-II     |
| 3. Ambattur-III      | 4. Thirumazhisai-I |
| 5. Thirumazhisai-II  | 6. Pallavaram      |
| 7. Coimbatore(North) | 8. Tiruppur        |
| 9. Tiruchirapalli    | 10. Tirunelveli    |

7.16 The software was proposed to be converted from a Foxpro to Oracle platform so that the voluminous data could be handled without any hitch. Similarly, hardware items with Intel Xeon Processor 2.4 GHz based Server and Intel Pentium-IV Processor @ 2.4 GHz based clients were also proposed to be installed at these depots at an estimated cost of Rs.45.50 lakhs. The work will be completed shortly.

#### **7.17 BAR-CODING**

?? As a part of modernization, TASMACH now proposes to introduce a system of bar-coding on IMFS/ Beer bottles and outer cartons.

?? Bar-coding is a system of automatic data capture using bar-code scanners.

?? By introducing this system, the product can be traced from the manufacturing unit to TASMACH depot and further down to the retail outlets, facilitating easier inventory

management, ensuring automated billing in the retail outlets and thereby preventing sale of non-duty paid liquor.

## **8. MODERN APPROACHES IN EXCISE ADMINISTRATION**

- 8.1 The Excise Department has to necessarily gear itself to acquire and adopt the latest technological advancements so as to reap the benefit in terms of effective management and efficient administration. This Department has taken the following initiatives in this direction.

### **Electronic Net Working in the Prohibition and Excise Department**

- 8.2 The Prohibition and Excise Department in the Secretariat and the Office of the Commissioner of Prohibition and Excise will be electronically linked with each other so that all relevant and upto-date information pertaining to the Department could be easily transferred on-line, eliminating paper work and time delay and enabling speedy processing of data. TASMAL has already been linked with the Secretariat at a cost of Rs.13.80 lakhs.

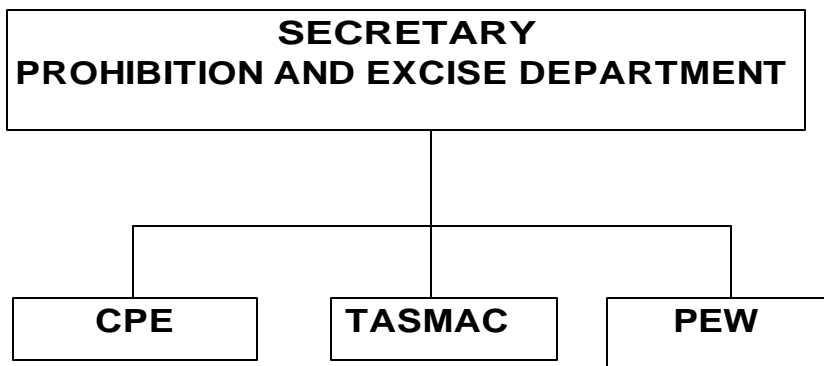
## **9 CONCLUSION**

- 9.1. The Government is aware that there is an immense potential to earn revenue by excise duties and taxation on alcohol and would therefore continue to streamline and reform the system of retail marketing of liquor and optimise the potential in such a manner as to maximise the revenue. The increased revenue would be utilised by the State for its developmental priorities. Towards this end, it will tighten the monitoring of the sale of liquor as well as control the inflow of contraband items particularly from other States through more effective enforcement.
  
- 9.2. This Government has adopted a unique and refreshingly new approach to the problem of illicit liquor and the social evils of drinking. It is an unfortunate fact that illicit distillation has often become a means of livelihood for a certain section of the population that sometimes resorts to this pernicious occupation because of poverty. The strategy of providing alternative means of livelihood to reformed prohibition offenders and to involve women's self help groups to spread the message of the evils of alcoholism amongst the public is a pathbreaking approach to tackling this social evil that attacks the very root of the problem. This approach will be expanded throughout the State to bring about a perceptible reduction in alcoholism as well as in the distillation and vending of illicit liquor that is a scourge in society.

**O. PANNEERSELVAM**

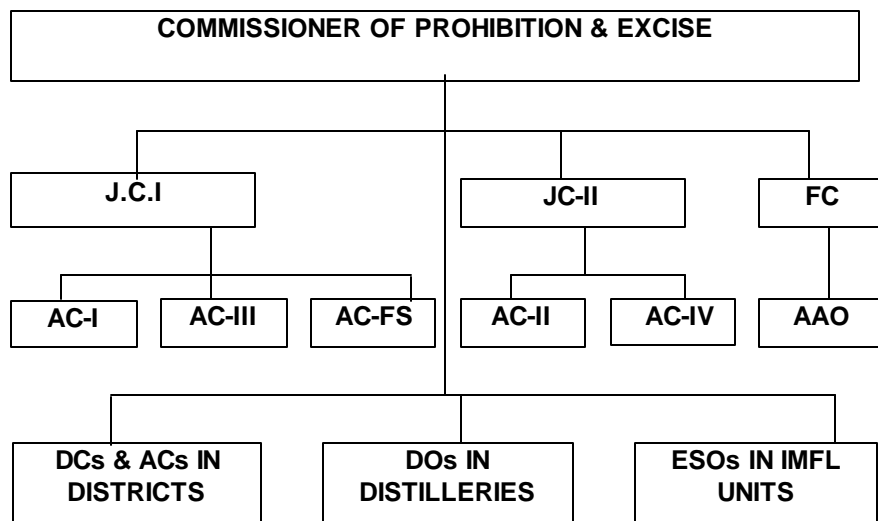
**MINISTER (Public Works,  
Prohibition and Excise & Revenue)**

**ANNEXURE-I**  
**ORGANIZATIONAL CHART OF DEPARTMENT OF PROHIBITION AND**  
**EXCISE**



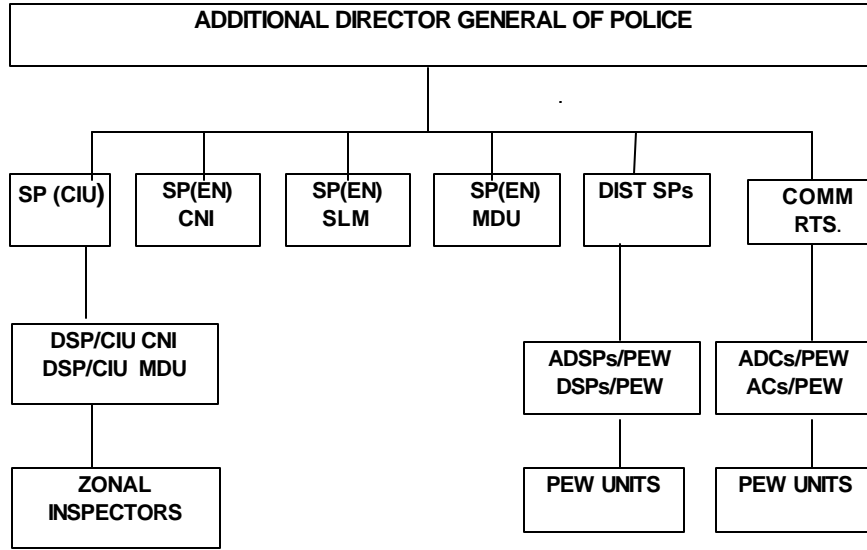
<del>///</del>	CPE	COMMISSIONER OF PROHIBITION AND EXCISE
<del>///</del>	TASMAC	TAMIL NADU STATE MARKETING CORPORATION LIMITED
<del>///</del>	PEW	PROHIBITION ENFORCEMENT WING
<del>/</del>	<del>/</del>	<del>/</del>

**ANNEXURE - II**  
**ORGANIZATIONAL CHART OF OFFICE OF THE COMMISSIONER OF PROHIBITION AND EXCISE**



<del>///</del> JC	JOINT COMMISSIONER
<del>///</del> FC	FINANCIAL CONTROLLER
<del>///</del> DC	DEPUTY COMMISSIONER
<del>///</del> ESO	EXCISE SUPERVISORY OFFICER
<del>///</del> AC	ASSISTANT COMMISSIONER
<del>///</del> DO	DISTILLERY OFFICER
<del>///</del> AC-FS	ASSISTANT COMMISSIONER (FLYING SQUAD)
<del>///</del> AAO	ASSISTANT ACCOUNTS OFFICER

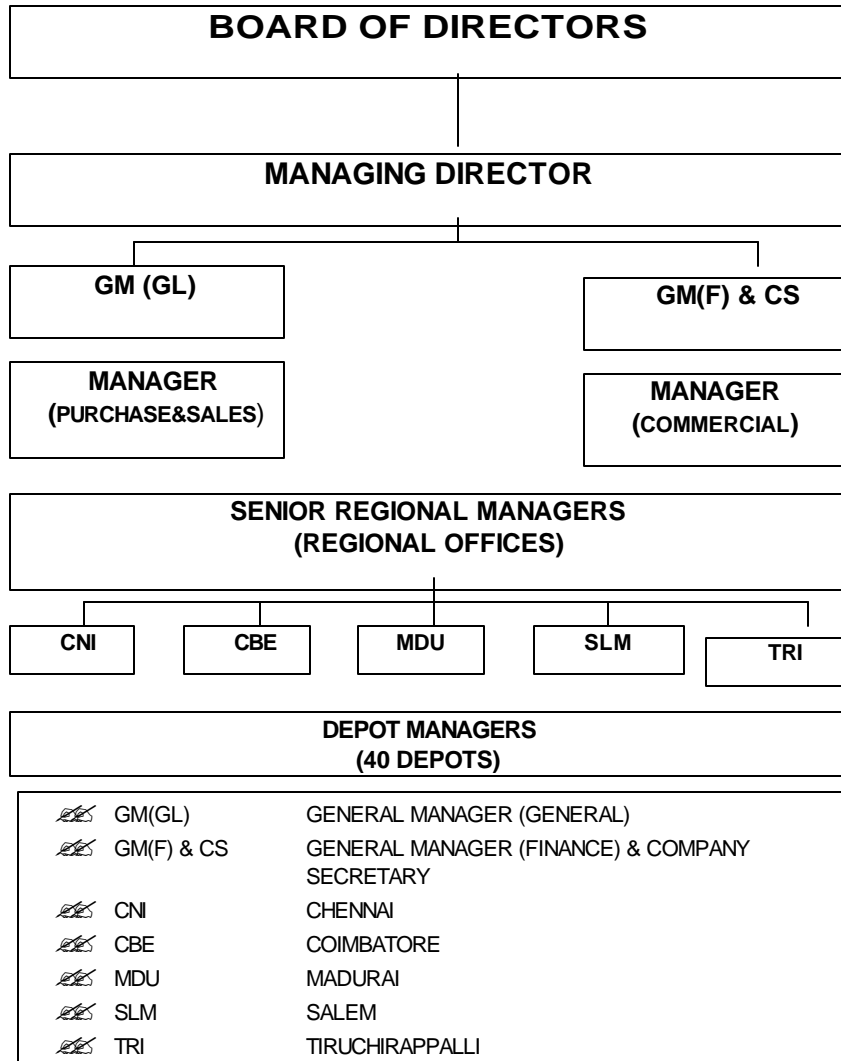
**ANNEXURE - III**  
**ORGANIZATIONAL CHART OF PROHIBITION ENFORCEMENT WING**



<del>SP</del>	SUPERINTENDENT OF POLICE
<del>EN.</del>	ENFORCEMENT
<del>COMMRTS.</del>	COMMISSIONERATES
<del>CIU</del>	CENTRAL INVESTIGATION UNIT
<del>ADSP</del>	ADDITIONAL SUPERINTENDENT OF POLICE
<del>DSP</del>	DEPUTY SUPERINTENDENT OF POLICE
<del>ADC</del>	ADDITIONAL DEPUTY COMMISSIONER
<del>AC</del>	ASSISTANT COMMISSIONER
<del>PEW</del>	PROHIBITION ENFORCEMENT WING
<del>CNI</del>	CHENNAI
<del>SLM</del>	SALEM
<del>MDU</del>	MADURAI
<del>DIST.</del>	DISTRICT

**ANNEXURE - IV**

**TAMIL NADU STATE MARKETING CORPORATION LIMITED**



**ANNEXURE- V****DETAILS OF SUGAR MILLS IN THE STATE WITH THEIR MOLASSES STORAGE CAPACITY**

Sl. No.	Name of the Sugar Mill	Molasses storage capacity (in mts)
<b>Co-operative Sector</b>		
1	Amaravathi Co-operative Sugar Mills Ltd	11,000
2	Maduranthakam Co-operative Sugar Mills Ltd	15,000
3	Tiruthani Co-operative Sugar Mills Ltd	14,000
4	Dharmapuri Co-operative Sugar Mills Ltd	15,000
5	Subramania Siva Co-operative Sugar Mills Ltd	12,000
6	National Co-operative Sugar Mills Ltd	17,000
7	Ambur Co-operative Sugar Mills Ltd.	7,000
8	Thirupathur Co-operative Sugar Mills	10,000
9	Vellore Co-operative Sugar Mills Ltd.,	21,000
10	Chengalvarayan Co-operative Sugar Mills Ltd.,	16,000
11	Kallakurichi Co-operative Sugar Mills Ltd., Unit-I	15,000
12	M.R. Krishnamoorthy Co-operative Sugar Mills Ltd.	12,000
13	Kallakurichi Co-operative Sugar Mills Unit-II	12,000
14	Salem Co-operative Sugar Mills	19,000
15	N.P.K.R. Ramasamy Co-operative Sugars	18,000
16	Cheyyar Co-operative Sugars Ltd.	12,000
	<b>Total</b>	<b>2,26,000</b>

<b>Public Sector</b>		
17	Madura Sugars	6,000
18	Aringar Anna Sugar Mills	14,000
19	Perambalur Sugar Mills Ltd.	12,000
	<b>Total</b>	<b>32,000</b>
<b>Private Sector</b>		
20	S.V.Sugar Mills Ltd.	9,200
21	Rajshree Sugars & Chemicals Ltd.	12,000
22	Dharani Sugars & Chemicals Unit-I	12,600
23	Sakthi Sugars Ltd. - Unit-II	12,000
24	Bannari Amman Sugars Ltd	12,000
25	Sakthi Sugars Ltd	18,000



26	Shree Ambika Sugars Ltd, Thuhili	22,500
27	E.I.D.Parry (I)Ltd Nellikuppam	18,600
28	South India Sugars Ltd.	16,500
29	Ponni Sugars & Chemicals Ltd.	8,400
30	Thiru Arooran Sugars Unit I	14,500
31	Thiru Arooran Sugars Unit II	12,000
32	Cauvery Sugars & Chemicals	7,000
33	E.I.D.Parry (I) Ltd., Pugalur (Deccan)	14,700
34	Kothari Sugars & Chemicals	13,300
35	Dharani Sugars Unit II	10,000
36	Ambika Sugars, Pennadam	25,000
37	E.I.D.Parry (I) Ltd., Kurumbur	5,000
38	Arunachalam Sugars	6,000
	<b>Total</b>	<b>2,49,300</b>
	<b>Grand Total</b>	<b>5,07,300</b>

**ANNEXURE - VI**  
**DISTILLERIES - PRODUCTION OF ALCOHOL**  
**(Alcohol year : December to November)**

Sl. No.	Name of the Distillery	Molasses Possession al limit (in MTs)	Molasses Storage Capacity (in MTs)	Production of Alcohol during 2001-2002 (Litres in Crore)
<b>DISTILLERIES IN PRIVATE SECTOR</b>				
Tiruvalargal				
1	Thiru Arooran Sugars Ltd.,	82,500	24,722	0.97
2	Bannari Amman Sugars Ltd.,	71,350	22,800	1.29
3	Chemplast Sanmar Ltd., (Marigampalli) Unit-I	60,000	15,046	0.17
4	Chemplast Sanmar Ltd., (Kadampuliyur) Unit-II	1,10,000	26,800	1.48
5	Dharani Sugars & Chemicals Ltd.,	36,000	12,600	0.64
6	E.I.D. Parry (India) Ltd.,	60,000	14,077	1.09
7	Kothari Sugars and Chemicals Ltd.,	40,000	6,000	1.00
8	Rajshree Sugars & Chemicals Ltd.,	40,000	12,480	0.38
9	Southern Agrifurane Industries Ltd.,	25,000	4,758	0.25
10	Sakthi Sugars Ltd.,	78,260	18,600	2.75
11	Trichy Distilleries & Chemicals Ltd.,	1,10,000	33,300	1.11
12	Mohan Breweries & Distilleries Ltd.,	45,000	11,646	1.01
13	Tvl. Colix Beverages Ltd.,	--	--	0.02
<b>DISTILLERIES IN CO-OPERATIVE SECTOR</b>				
14	Salem Co-op. Sugar Mills Ltd.,	55,000	12,000	0.65
15	Amaravathi Co-op. Sugar Mills Ltd.,	55,000	12,000	0.47
	<b>Total</b>	<b>8,68,110</b>	<b>2,26,829</b>	<b>13.28</b>

## ANNEXURE – VII

### DETAILS OF PRODUCTION OF INDIAN MADE FOREIGN SPIRITS AND BEER

YEAR	PRODUCTION OF IMFS	PRODUCTION OF BEER
	QUANTITY (IN CRORE BULK LITRES)	
1991-92	4.42	3.36
1992-93	6.40	4.64
1993-94	7.03	3.86
1994-95	8.10	4.18
1995-96	8.13	5.79
1996-97	12.78	5.33
1997-98	10.90	5.25
1998-99	9.81	5.29
1999-2000	11.74	4.23
2000-2001	12.43	5.76
2001-2002	13.32	5.06
2002-2003 (upto February)	9.44	3.18

## ANNEXURE – VIII

### DETAILS OF EXCISE REVENUE AND SALES TAX REVENUE

Sl. No.	YEAR	EXCISE REVENUE	SALES TAX REVENUE	TOTAL
		(Rupees in Crores)		
1	1991-92	483.12	188.23	671.35
2	1992-93	564.86	297.83	862.69
3	1993-94	568.82	318.33	887.15
4	1994-95	614.74	380.95	995.69
5	1995-96	934.66	491.27	1425.93

6	1996-97	1063.07	583.89	1646.96
7	1997-98	1299.85	669.81	1969.66
8	1998-99	1709.82	1009.49	2719.31
9	1999-2000	1833.74	1172.79	3006.53
10	2000-2001	1868.68	1504.88	3373.56
11	2001-2002	2058.21	1636.08	3694.29
12	2002-2003 (unreconciled)	2110.73	1697.62	3808.35