

Home, Prohibition and Excise Department

Demand No.37

Prohibition and Excise

Policy Note 2008-2009

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The following Departments and Public Sector Undertaking 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 Narcotics Intelligence Bureau (NIB)
- (4) The Tamil Nadu State Marketing Corporation Limited

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 also administered by this Department. The Government have reconstituted the Advisory Board in the year 2006 consisting of a Chairman and two other members under the provisions of this Act.

2. EXCISE ADMINISTRATION

2.1 The Commissioner of prohibition and excise is responsible for the excise administration in this State. Two joint commissioners, one financial controller and four assistant commissioners in the headquarters assist the Commissioner in the administration of the Department. There is a flying squad headed by an assistant commissioner to conduct surprise inspections.

2.2 The Commissioner of prohibition and excise is vested with the authority for granting the privileges and licences to establish distilleries, manufacturing Indian Made Foreign Spirit and Beer and also for winery units with prior approval of the Government.

2.3 The Collectors in the districts supervise the excise administration. They exercise the various statutory powers under the Tamil Nadu Prohibition Act, 1937 and the Rules made thereunder. The Collectors of Chennai and Coimbatore are assisted by Deputy Commissioner (Excise) and in other districts an Assistant Commissioner assists the Collector in excise administration. 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 thereunder.

2.4 The Indian Made Foreign Spirits and Beer manufacturing units in the State have nine excise supervisory officers and in the 14 distilleries, there are 14 officers at the level of deputy collectors to supervise excise administration. 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) and 2 bonded manufactory officers in the cadre of tahsildar in the bonded manufactory warehouses.

Sugar Mills & Molasses

2.5. The Sugar Mills produce molasses which is the most common raw material used for distillation for production of alcohol. There are 40 sugar mills, 16 in the co-operative sector, 21 in the private sector and 3 in the public sector in the State. The details of the sugar mills are at Annexure-I to this note.

2.6. There is no price control over molasses. But to avoid misuse, 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

2.7. There are 2 distilleries in the co-operative sector and 12 in the private sector, manufacturing spirit from molasses. The detailed list of these distilleries is available at Annexure-II to this note. 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. During 2007-2008, the Government have granted permission to expand the existing production capacity of 8 distilleries to the tune of 207.80 KLPD. The details of expansion allowed by the Government are available at Annexure-III 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. During 2007-2008, the Government have also granted prior approval to the Commissioner of prohibition and excise for setting up of a distillery unit in the State.

Indian Made Foreign Spirits and Beer Units

2.8. There are six Indian Made Foreign Spirit units 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-IV contains detailed particulars of production of IMFS and Beer in the State. The Government have also granted prior approval to the Commissioner of prohibition and excise during 2007-2008 for setting up of two more Indian Made Foreign Spirits manufacturing units in the State.

Winery Unit

2.9 There are no wineries in the State. Wine is, therefore, imported from other States. The Government have formulated the Tamil Nadu Wine (Manufacture) Rules, 2006 to facilitate the establishment of wineries in the State. A letter of Intent for setting up of a winery unit in private sector in Cumbum Valley, Theni District has been issued during the year 2007-2008.

Licence to Clubs and Star hotels.

2.10 Under the Tamil Nadu Liquor (Licence and Permit) Rules, 1981, 72 clubs are licensed to serve liquor to their members. 478 star hotels and hotels are also licensed to serve liquor to foreign tourists, foreigners residing in India etc., for consumption either in the bars attached to the hotels or in their rooms within the hotel premises.

State Excise Labels

2.11 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. By mechanical applicators the labels are affixed on the Indian Made Foreign Spirit and Beer bottles.

3. ENFORCEMENT OF PROHIBITION

3.1 The Additional Director General of Police (Enforcement) is primarily responsible for the enforcement of prohibition in this State, who is assisted by one Deputy Inspector General of Police at the head quarters and three Superintendents of Police (Enforcement) at Chennai, Salem and Madurai. There are 94 Prohibition Enforcement Wing (PEW) units throughout the State, each headed by an Inspector of Police. Thirty eight Additional Superintendents of Police and thirty eight Deputy Superintendents of Police (PEW) are in-charge of enforcement of prohibition in the districts and cities. The units and the officers are placed under the control of the

District Superintendents of Police and the Commissioners 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. 21 stationary check-posts and 6 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.

3.2 Notorious prohibition offenders are being detained under the Tamil Nadu Act XIV of 1982. Strict enforcement coupled with rehabilitation work, awareness campaigns and the co-operation of the Prohibition Vigilance Committees have helped to a 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.

GandhiAdigal Police Award

3.3 "The GandhiAdigal Police Award" is given to police personnel, who perform outstanding work in curtailing illicit liquor. The award consists of Meritorious Certificate with Bronze medal apart from cash award of Rs.20,000/-. The award for the year 2007 was presented to four police personnel during the Republic Day Celebrations held on 26th January, 2008.

Rehabilitation of Prohibition Offenders

3.4 With a view to rehabilitate the Prohibition offenders the Government constituted the Rehabilitation Fund. The beneficiaries under this scheme are selected by the District Rehabilitation Committee headed by District Collectors and the selected beneficiaries are sanctioned a loan of Rs.10,000/- to Rs.15,000/- to create viable income through 49 kinds of professions like breeding of sheep and

milch animals and for running petty shops etc. For the year 2008-2009, an amount of Rs.2.50 crores has been provided for implementing this scheme.

4. NARCOTICS INTELLIGENCE BUREAU (NIB)

4.1 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, 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 14-11-1985. Every offence punishable under this Act is cognizable and non-bailable.

4.2 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, 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.

4.3 The State Narcotic Intelligence Bureau, C.I.D., is headed by a Deputy Inspector General 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.

5. TAMIL NADU STATE MARKETING CORPORATION LIMITED (TASMAC)

5.1 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. The Corporation monitors the purchase and sale of IMFS and Beer products throughout the State. It 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).

5.2 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, except Perambalur and Ariyalur Districts. These two districts are manned by one district manager. The posts of District Managers are held by Deputy Collectors. There are 41 Indian Made Foreign Spirit Depots situated throughout the State.

5.3 As on 13-5-2006, the Tamil Nadu State Marketing Corporation Limited was running 6,699 retail vending liquor shops. Based on representations received from the public against location of shops and also distance norms prescribed in the Rules, some shops were closed and re-located to other suitable places. After this Government assumed office, the number of shops closed and re-located are as follows:

- (a) during 2006 - 5 and 25 ;
- (b) during 2007 - 37 and 190 and
- (c) during 2008 (upto 21.4.2008) - 53 and 67 respectively.

6. GOVERNMENT REVENUE

6.1 The volume of Indian Made Foreign Spirits and Beer sold and the revenue generated during 2007-2008 are available in Annexures V and VI to this note.

6.2 The Government has been taking all possible efforts to curb, sale and transportation of spurious/seconds liquor as also diversion of spirit for illicit purposes with the twin objective of preventing loss of life due to illicit liquor and protecting excise revenue of the State Government.

M.KARUNANIDHI
Chief Minister

ANNEXURE – I
DETAILS OF SUGAR MILLS IN THE STATE WITH THEIR MOLASSES STORAGE
CAPACITY
(See Para 2.5)

Sl. No.	Name of the Sugar Mill	Molasses Storage capacity (In MTs.)
	Thiruvallur	
	CO-OPERATIVE SECTOR	
1	Amaravathi Co-operative Sugar Mills Limited	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	12,000.000
6	National Co-operative Sugar Mills Limited	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	16,000.000
11	Kallakurichi Co-operative Sugar Mills Limited, Unit-I	15,000.000
12	M.R. Krishnamoorthy Co-operative Sugar Mills Limited	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	14,000.000
16	Cheyar Co-operative Sugars Limited	12,000.000
	Total	2,28,520.000
	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
	PRIVATE SECTOR	
20	S.V. Sugar Mills Limited	29,100.000
21	Rajshree Sugars & Chemicals Limited, Unit-I	12,000.000
22	Dharani Sugars & Chemicals, 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	20,170.712
27	E.I.D. Parry (India) Limited, Nellikuppam	18,600.000
28	Rajshree Sugars and Chemicals Limited, Unit-II	13,000.000
29	Ponni Sugars and 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	7,000.000
33	E.I.D Parry (India) Limited, Pugalur, Karur	16,273.000
34	Kothari Sugars & Chemicals Limited, Tiruchirappalli	10,459.000
35	Dharani Sugars, Unit – II	9,599.660
36	Shree Ambika Sugars	38,000.000
37	E.I.D. Parry (India) Limited, Kurumbur	10,000.000
38	Arunachalam Sugars (Not functioning)	0.000
39	Kothari Sugars and Chemicals Limited, Perambalur	6,000.000

40	Sakthi Sugars Limited Unit-III, Erode	4,000.000
	Total	3,09,563.847
	Grand Total	5,72,586.769

ANNEXURE- II
DISTILLERIES – PRODUCTION OF SPIRIT
ALCOHOL YEAR - (DECEMBER, 2006 TO NOVEMBER, 2007)
(See Para 2.7)

Sl. No.	Name of the Distillery	Molasses Possessional limit (in MTs)	Molasses storage capacity (in MTs).	Production Capacity of spirit (Litres in Crores)	Production of Spirit during December 2006- November 2007 (Litres in Crores)
	Thiruvalargal				
DISTILLERIES IN CO-OPERATIVE SECTOR					
1	Salem Co.operative Sugar Mills Limited	55,000	13,750	1.650	1.35
2	Amaravathi Co.operative Sugar Mills Limited	55,000	12,000	1.650	1.23
DISTILLERIES IN PRIVATE SECTOR					
3	Thiru Arooran Sugars Limited	82,500	20,625	1.980	2.26
4	Bannari Amman Sugars Limited	71,350	22,800	1.633	1.87
5	Chemplast Sanmar Limited (Unit II)	1,10,000	28,329	2.640	1.60
6	Dharani Sugars and Chemicals Limited	36,000	12,600	0.900	1.00
7	E.I.D. Parry (India) Limited	60,000	14,077	1.380	1.05
8	Kothari Sugars and Chemicals Limited	60,000	10,000	1.380	1.38
9	Rajshree Sugars and Chemicals Limited	40,000	12,480	1.200	1.18
10	Southern Agrifurane Industries Private Limited	25,000	10,217	0.600	0.44
11	Sakthi Sugars Limited	1,19,260	18,600	2.750	3.07
12	Trichy Distilleries and Chemicals Limited	1,06,000	26,700	1.800	1.64
13	Mohan Breweries and Distilleries Limited	45,000	11,785	1.065	0.85
14	Bhavani Distilleries and Chemicals Limited	20,000	5,034	0.440	0.21
TOTAL		8,85,110	2,18,997	21.068	19.13

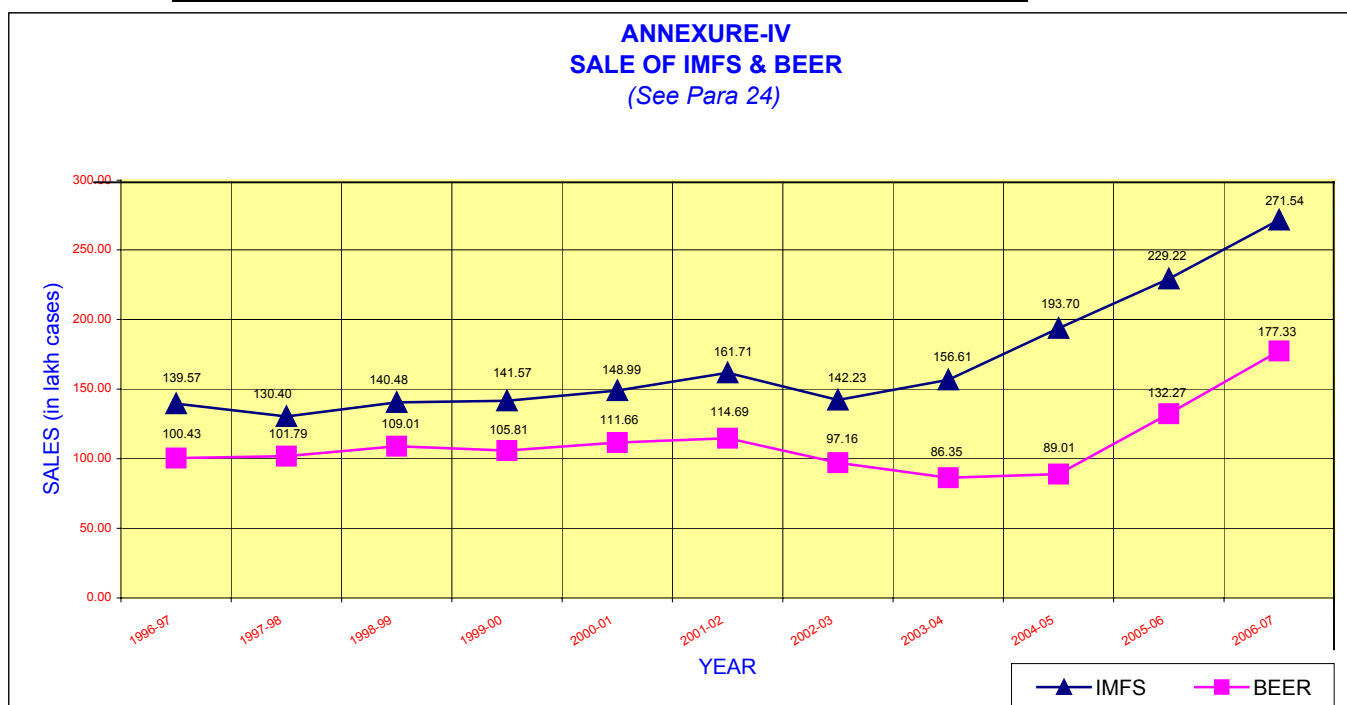
ANNEXURE III
DISTILLERIES ALLOWED EXPANSION IN 2007-2008

[see para 2.7]

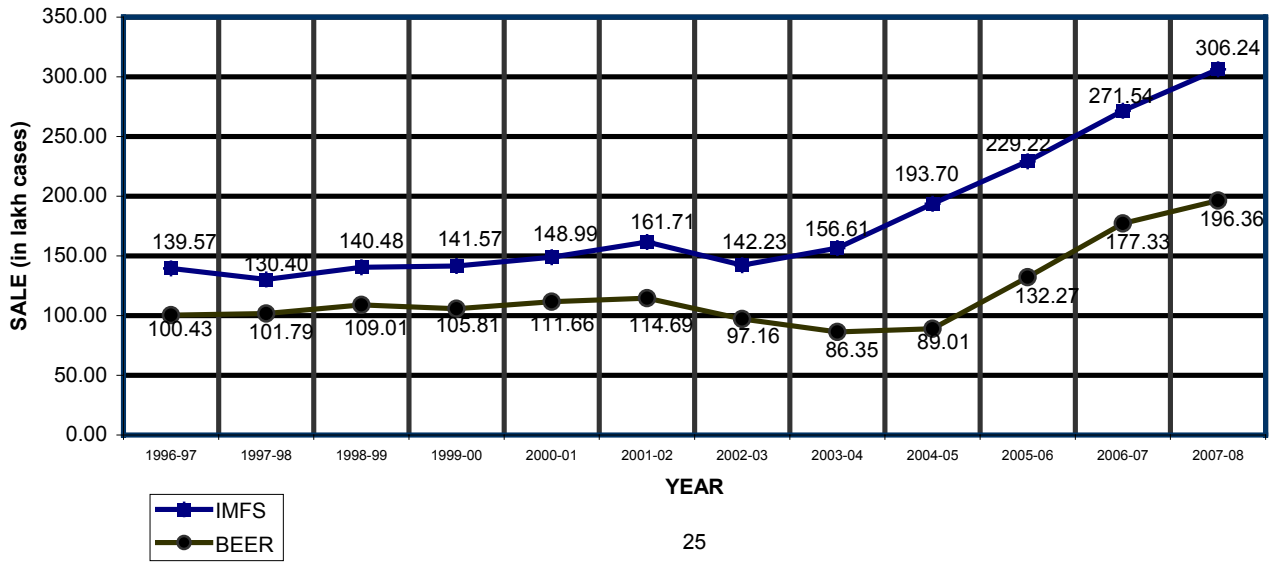
Sl. No.	Name of the Distilleries approved for additional production capacity.	Existing production Capacity (In KLPD)	Expansion capacity approved by Govt. (In KLPD)	Total capacity after expansion (In KLPD)
1.	Tvl. Dharani Sugars and Chemicals Limited	30.00	30.00	60.00
2.	Tvl. Sakthi Sugars Limited	90.00	30.00	120.00
3.	Tvl.Southern Agrifurane Industries Private Limited	20.00	30.00	50.00
4.	Tvl.Bannari Amman Sugars Limited	54.70	12.80	67.50
5.	Tvl. Rajshree Sugars and Chemicals Limited	45.00	15.00	60.00
6.	Tvl. Mohan Breweries and Distilleries Limited	32.00	30.00	62.00
7.	Tvl.E.I.D. Parry (India) Limited	45.00	30.00	75.00
8.	Tvl. Bhavani Distilleries and Chemicals Limited	14.67	30.00	44.67
	TOTAL	331.37	207.80	539.17

ANNEXURE - IV
DETAILS OF PRODUCTION OF INDIAN MADE FOREIGN SPIRIT AND BEER
(See Para 2.8)

INDIAN MADE FOREIGN SPIRIT	
YEAR	QUANTITY (IN CRORE BULK LITRES)
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
BEER	
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

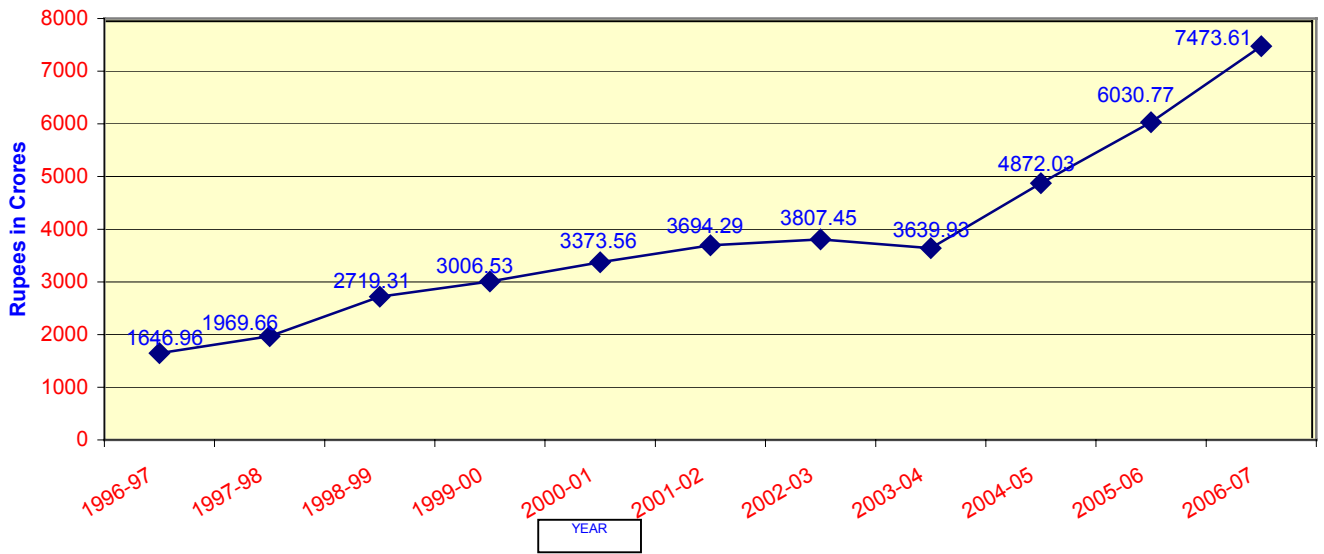


**ANNEXURE-V
SALE OF IMFS & BEER
(See Para 6.1)**

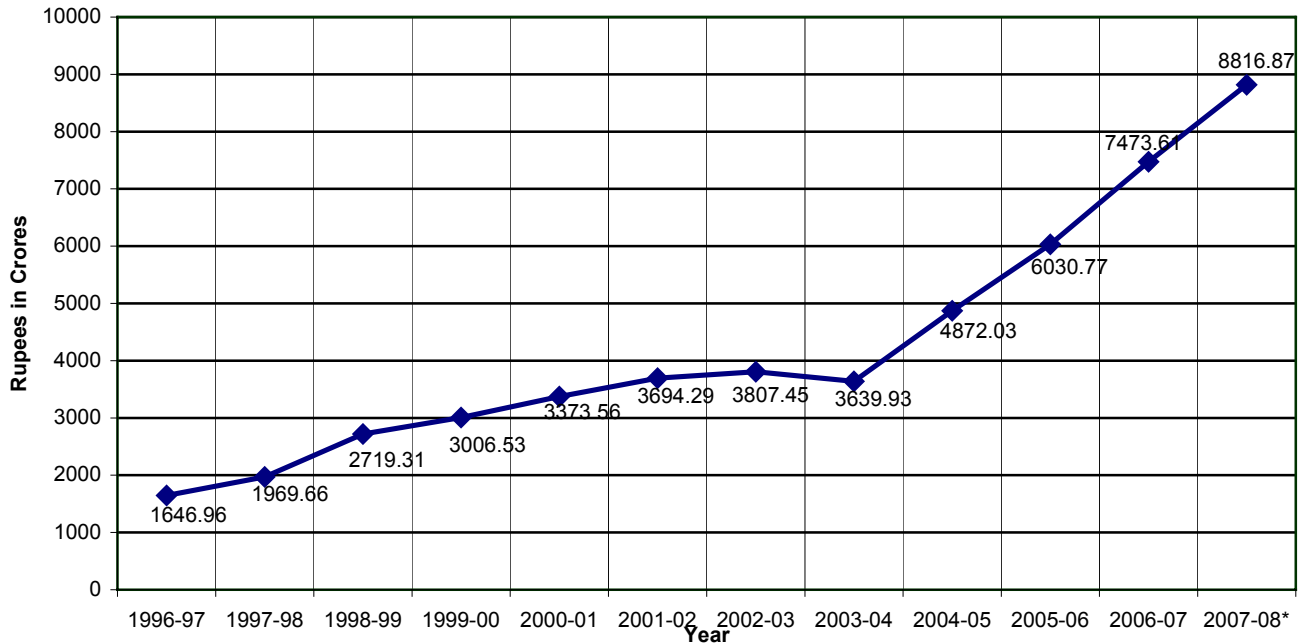


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**ANNEXURE-V
Government revenue for the period from 1994-95 to 2007-08
(See Para 24)**



ANNEXURE-VI
Government revenue for the period from 1996-97 to 2007-08
(See para 6.1)



*Departmental