

## **HOME, PROHIBITION AND EXCISE DEPARTMENT**

**Demand No.37**

### **PROHIBITION AND EXCISE**

**Policy Note 2009-2010**

#### **PROHIBITION AND EXCISE-ORGANISATION SET UP**

The Prohibition and Excise department of the Government of Tamil Nadu functions under the administrative control of Home, Prohibition and Excise Department.

The following four organisations are functioning under this 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).

#### **2. TAMIL NADU ACT 14 OF 1982**

2.1 "The Tamil Nadu Prevention of Dangerous Activities of Bootleggers, Drug Offenders, Goondas, Forest Offenders, Immoral Traffic Offenders, Sand Offenders, Slum-grabbers and Video Pirates Act, 1982 (Tamil Nadu Act 14 of 1982)" is administered by this Department. In the year 2006, under the provisions of the above said Act, the Government reconstituted the Advisory Board consisting of a Chairman and two other members which reviews the cases made under this Act.

2.2 Incidents of damaging, disfiguring and defiling of statues of deities and leaders occurred have been brought to the notice of the Government. Certain persons not only instigate others to cause riot but also create enmity every now and then among groups on the basis of religion, race and caste etc., and thereby affecting public order. In order to ensure that the public order is not adversely affected by the

activities of such persons, 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) has been amended suitably to bring those persons under the definition of the term "Goondas" in the Act so as to detain them under this Act and the amendment came into force with effect from 15.5.2008.

### **3. EXCISE ADMINISTRATION**

3.1 The Commissioner of Prohibition and Excise is the head of the department. He assists the Government in formulating policies on Prohibition and Excise and its implementation. He is also enforcing the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937) and the rules made thereunder.

3.2 The Commissioner 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 and Beer manufacturing units and to renew their licences annually.

3.3 The excise administration at the district level is being supervised by the District Collector. 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 the Deputy Commissioners (Excise) in the cadre of District Revenue Officer are assisting the Collectors. In the distilleries and Indian Made Foreign Spirit manufacturing units/Beer 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 thereunder.

3.4 There are 15 distillery officers in the distilleries and 10 excise supervisory officers in the Indian Made Foreign Spirit manufacturing and Beer Units in the cadre of deputy collectors functioning in the State. There are 4 excise supervisory officers in the cadre of tahsildar and 3 excise supervisory officers in the cadre of deputy tahsildar are working in the DL licensed units (Chemical units using denatured spirit), and 2 bonded manufactory officers in the cadre of tahsildar are working in the bonded manufactory warehouses.

### **Sugar Mills and Molasses**

3.5 In the sugar mills, the molasses produced as by-product during the sugar manufacturing process, is being used as the most common raw material in the manufacture of alcohol. In the State, 16 sugar mills in co-operative sector, 3 sugar mills in public sector and 21 sugar mills in private sector and thus there are 40 sugar mills in toto. The details of them are at Annexure-I.

3.6 Eventhough there is no price control over molasses, with a view to prevent misuse of possession, sale, use, transport and export of molasses, they are controlled by issuing licences and permits under the Tamil Nadu Molasses Control and Regulation Rules, 1958. An Administrative Service Fee at the rate of Rs. 300/- per metric tonne on export of molasses is being levied from 03.08.2006 and at the rate of Rs. 300/- per tonne for import of molasses is being levied from 02.07.2008.

## **Distilleries and Alcohol**

3.7 Alcohol is used as raw material in the manufacture of Indian Made Foreign Spirit products, other chemicals and varnish. Educational institutions, Laboratories, Research institutions also use alcohol in small quantities. There are 2 distilleries in co-operative sector and 14 in private sector manufacturing alcohol from molasses. The Government have granted permission to expand 8 distilleries and to enhance their total existing production capacity to the tune of 207.80 KLPD. Out of 8 distilleries that have got expansion orders, three distillery units 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 2008-2009, distillery licences have been granted to Tvl.Shree Ambika Sugars Limited for the operation of a new distillery at Cuddalore District of 70 KLPD production capacity of alcohol and Tvl.EID Parry (India) Limited for the operation of a new distillery at Sivaganga for manufacture of 74 KLPD of alcohol by using molasses and privilege to Tvl.S.V.Sugar Mills Limited for the establishment of a new distillery at Kancheepuram with production capacity of 100 KLPD of alcohol by using molasses.

## **Indian Made Foreign Spirits and Beer Manufacturing Units**

3.8 The eight Indian Made Foreign Spirit manufacturing units and three Beer manufacturing units operating in Tamil Nadu are supplying IMFS and Beer products to the Tamil Nadu State Marketing Corporation Limited. Licence has been granted to a unit for manufacturing IMFS products in Pudukottai District. That unit has not yet started its production. The Government have issued a Letter of Intent for setting up of one brewery unit at Tirunelveli district. The details relating to production of IMFS and Beer in Tamil Nadu are furnished in Annexure II.

## **Manufacture of Wine**

3.9 As there are no wineries in the State, wine is imported from other States. Hence, the Government have formulated Tamil Nadu Wine (Manufacture) Rules, 2006 in order to give an opportunity to those interested to establish wineries in this State. In this regard, during 2007-2008 a Letter of Intent for setting up of winery unit in private sector in Cumbum Valley of Theni District has been issued. The construction work and installation of machineries is under progress.

## **Import of Foreign Liquor**

3.10 Consequent to General Agreement on Tariff and Trade (GATT) 1994, restrictions on import of foreign liquor has been removed. Hence, the Government have issued 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 regard to levying 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 was amended on 1.7.2008 and a uniform special privilege fee has been fixed.

## **State Excise Labels**

3.11 Polyesterised hologram excise labels with duplication-proof, security features have been introduced from March 2004 to prevent the illicit movement/sale of spurious liquor in the State. Thus, the excise revenue to the Government is safeguarded. The new Polyester hologram excise labels are designed with more security features and their application on the Indian Made Foreign Spirit and Beer bottles is done by mechanical applications.

#### **4. ENFORCEMENT OF PROHIBITION**

4.1 The Inspector General of Police (Enforcement) is enforcing prohibition in this State. He is assisted by four Superintendents of Police functioning in cities of Chennai, Salem and Madurai and in Central Investigation Unit. The Central Investigation Unit is primarily an intelligence unit.

4.2 There are 94 Prohibition Enforcement Wing units throughout Tamil Nadu each headed by an Inspector of Police. There are 38 Additional Superintendents of Police and 38 Deputy Superintendents of Police (PEW) working in-charge of enforcement of prohibition in the districts and cities. The enforcement units are placed under the direct control of the District Superintendents of Police and 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 spurious, non-duty paid/Indian Made Foreign Spirit and arrack sachets from any other States including Puducherry, Andhra Pradesh, Karnataka, Goa.

4.3 Notorious prohibition offenders are being detained under the Tamil Nadu Act XIV of 1982. Strict enforcement, rehabilitation work, awareness campaigns and the co-operation of Prohibition Vigilance Committees have helped to a very great extent in curbing the prevalence of illicit arrack. Thus, sincere efforts are being taken by all means to curb the prevalence of illicit arrack, which adversely affects the poor and downtrodden families, in particular.

## **Gandhiadigal Police Award**

4.4 "The Gandhiadigal Police Award" is given to police personnel who perform outstanding work in eradicating illicit arrack. Apart from a medal, which is being presented on the occasion of the Republic Day, a cash prize of Rs.20,000/- is being given to the awardees. The award for the year 2008 was presented to four police personnel during the Republic day celebrations held on 26th January 2009.

## **Rehabilitation of Prohibition Offenders**

4.5 In order to rehabilitate the prohibition offenders, the district Rehabilitation Committee headed by the District Collector select the eligible beneficiaries and grant loan ranging from Rs.10,000 to Rs.15,000 to create a permanent income through 49 kinds of professions like sheep and milch animals breeding, setting up of petty shops etc.

4.6 In the year 2008 – 2009 an amount of Rs.2 Crores and 50 lakhs has been provided for implementing this scheme and a sum of Rs.2 Crores and 6 lakhs and 90 thousand has been granted to 1611 beneficiaries. For the current year 2009-2010 an amount of Rs. 2 Crores and 50 lakhs has been provided.

## **5. NARCOTICS INTELLIGENCE BUREAU (NIB)**

5.1 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 also prevented.

5.2 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.

5.3 Under the State Narcotic Intelligence Bureau, C.I.D., headed by a Deputy Inspector General of Police, one Additional Superintendent of Police, 12 Deputy Superintendents of Police, 16 Inspectors, 17 Sub-Inspectors and 126 in other cadres are working. 15 Narcotic Intelligence Bureau, C.I.D., units are functioning in the C.I.D. department throughout the State.

5.4 Under Tamil Nadu Act 14 of 1982, 21 habitual drug offenders detained during 2007. During the year 2008, 28 drug offenders were detained.

#### **5.5 PROPOSED PLAN OF ACTION FOR 2009-2010**

- i. To organize the training programmes for police personnel of NIB CID unit in association with NCB for better enforcement of NDPS Act.
- ii. Conduct awareness programme among public and students. At least one programme per month will be conducted in a school in consultation with Prohibition & Excise Department.
- iii. Intensive raid will be conducted in railway stations, bus stands and near schools and colleges.
- iv. More offenders will be booked under Tamil Nadu Act 14 of 1982 in every unit.

- v. Intelligence on the activities of courier agencies will be collected and action taken.
- vi. Efforts will be taken to prevent cultivation of ganja plants in Tamil Nadu in coordination with the Forest Department.
- vii. Heavy influx of ganja from Andhra Pradesh by road and train will be prevented.
- viii. To intensify the action against the offences related with Narcotic Drugs in coordination with other agencies which are implementing the Narcotic and Psychotropic Substances Act, 1985.

## **6. GOVERNMENT REVENUE**

During the year 2007-2008, revenue earned through excise on sale of liquor is Rs.4764.05 crores and by way of sales tax is Rs.4057.11 crores. During the financial year 2008-2009, revenue earned through excise on sale of liquor is Rs.5755.42 crores and by way of sales tax is Rs.4846.08 crores. (The details of excise revenue and sales tax are furnished in Annexure III). The details of volume of IMFS and Beer sold and the revenue generated during 1996-97 to 2008-2009 are given in Annexures IV and V.

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

7.1 The Tamil Nadu State Marketing Corporation Limited is a State owned organisation 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 in the entire State of Tamil Nadu, as per the provisions of the Tamil Nadu Prohibition Act, 1937 (Tamil Nadu Act X of 1937). Again sale of imported liquor from foreign countries has also been permitted.

7.2 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 in the State. The Deputy Collectors have been appointed as District Managers. There are 41 Indian Made Foreign Spirit depots situated throughout the State.

7.3 TASMAL was running **6699** retail shops as on 13.05.2006. 133 shops have been closed and 320 shops have been relocated, based on the representations from the public.

7.4 Respecting the public sentiments, the Government had recently made the following announcements pertaining to retail vending shops:

1. No more new retail vending shops to be opened.
2. The working hours of the retail vending shop was reduced by an hour.

Previously, the working hours of retail shops was 8.00 A.M. to 12.00 P.M. After assuming the power, this Government have reduced the working hours as 10.00 A.M. to 11.00 P.M. with effect from 4.7.2007. Again on 1.1.2009 the working hours has been changed as from 10.00 A.M. to 10.00 P.M. only. Thus the working hours of the retail shops have been slashed down from 16 hours to 12 hours a day, by this Government.

## **8. CONCLUSION**

With a view to prevent loss of life due to consumption of illicit and spurious liquor, all possible steps are being taken to prevent illicit distillation and to curb the sale and transportation of spurious/seconds/ illicit liquor, as a whole.

**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 (In M.T.)
	Thiruvallargal	
	<b><u>CO-OPERATIVE SECTOR</u></b>	
1	Amaravathy Co-operative Sugar Mills Limited	11,000.000
2	Madurantakam 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	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, 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	19,000.000
15	N.P.K.R. Ramaswamy Co-operative Sugars	14,000.000
16	Cheyar Co-operative Sugars Limited	12,000.000
	<b>TOTAL</b>	<b>2,28,520.000</b>
	<b><u>PUBLIC SECTOR</u></b>	
17	Madura Sugars	6,000.000
18	Arignar Anna Sugar Mills	16,502.922
19	Perambalur Sugar Mills Limited	12,000.000
	<b>TOTAL</b>	<b>34,502.922</b>
	<b><u>PRIVATE SECTOR</u></b>	
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 Ltd., 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 & 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	7,000.000
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 Chemical Limited, Unit-II	9,599.660
36	Shree Ambika Sugars	38,000.000
37	E.I.D. Parry (India) Limited, Kurumbur	10,000.000

<b>Sl.No</b>	<b>Name of the Sugar Mill</b>	<b>Molasses Storage (In M.T.)</b>
	Thiruvallur	
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
	<b>TOTAL</b>	<b>3,15,063.847</b>
	<b>GRAND TOTAL</b>	<b>5,78,086.769</b>

**ANNEXURE - II**  
**DETAILS OF PRODUCTION OF INDIAN MADE FOREIGN SPIRITS AND BEER**  
*(see para 3.8 )*

YEAR	QUANTITY (IN CRORE BULK LITRES)
<b>PRODUCTION OF IMFS</b>	
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
2007-2008	27.02
2008-2009	31.08
<b>PRODUCTION OF BEER</b>	
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
2007-2008	15.80
2008-2009	17.11

**ANNEXURE – III****DETAILS OF EXCISE REVENUE AND SALES TAX**  
(see para 6)

Sl. No.	YEAR	EXCISE REVENUE	SALES TAX	TOTAL
		(Rupees in Crores)		
1	1994-1995	614.74	380.95	995.69
2	1995-1996	934.66	491.27	1425.93
3	1996-1997	1063.07	583.89	1646.96
4	1997-1998	1299.85	669.81	1969.66
5	1998-1999	1709.82	1009.49	2719.31
6	1999-2000	1833.74	1172.79	3006.53
7	2000-2001	1868.68	1504.88	3373.56
8	2001-2002	2058.21	1636.08	3694.29
9	2002-2003	2113.59	1693.86	3807.45
10	2003-2004	1657.10	1982.83	3639.93
11	2004-2005	2549.00	2323.03	4872.03
12	2005-2006	3176.65	2854.12	6030.77
13	2006-2007	3986.41	3487.20	7473.61
14	2007-2008	4764.05	4057.11	8821.16
15	2008-2009 (Tentative)	5755.42	4846.08	10601.50