

REPORT ON THE ACTIVITIES OF THE EXCISE DEPARTMENT FOR THE YEAR 2011-12

1. The Excise Department was set up as an independent Department with effect from 01.12.1999 after being carved out of the erstwhile Revenue and Excise Department. It is a resource generation Department of the State, which enforces the State Excise laws in the State.

At present, four sections are functioning in the Excise Department. The collection aspects of the excise revenue are enumerated below for better appreciation.

2. EXCISE POLICY:

2.1 Article 47 of the Constitution of India envisages that every State shall endeavour to bring about prohibition of consumption except for medicinal purposes of intoxicating drinks and of drugs, which are injurious to health. It is always the avowed policy of any Government committed to welfare of the people to be alert and watchful regarding the trends in consumer behavior. Like all economic goods, intoxicants also have a 'supply' side and a 'demand' side. The endeavour of the Government has been to ensure that the existing demand is met by legitimate and safe supply of reasonable quality of liquor. Any short supply of legitimate liquor is bound to result in bootlegging / spurious liquor filling up the gap, which would endanger public safety.

2.2 In various judicial fora it has been pronounced that the sole purpose of granting privilege to trade in liquor is to collect revenue in order to add to the scarce resources of the state. It is imperative to evolve a policy through which manufacturing, distillation, trading in liquor are to be canalized under strict vigil of the state which would generate considerable resources but without compromising with the social values.

2.3 According to Article 246 (3) of the Constitution of India, the Legislature of the State has exclusive powers to make laws for the State or any part thereof with respect to any of the matters enumerated in list II of the Seventh Schedule of the Constitution. Item No. 8 of the List II envisages intoxicating liquors, that is to say, the production, manufacture, possession, transport, purchase and sale of intoxicating liquors. Item No. 66 of the List II of the Constitution empowers the State Legislature to impose fees in respect of any of the matter enumerated in this list. The excise duty is leviable in respect of

alcoholic liquors for human consumption manufactured in the State or produced elsewhere in India (item No. 51 List II. 7th Schedule).

2.4 The State has exclusive right to grant privilege for manufacture, possession and sale of intoxicating liquor. However, the State grants such privileges to persons in shape of licenses.

2.5 The monopoly in wholesale trade in liquor in the State is vested with Government and it operates through a Corporation under the name and style of 'Odisha State Beverages Corporation' (OSBC). An intoxicant can be manufactured or imported as per the provisions of the relevant Act and Rules but the same cannot be sold to any business unit except through the Odisha State Beverages Corporation. Hence the entire saleable quantity of intoxicants is acquired by the Beverages Corporation. The Corporation will sell to the licensees under terms and conditions prescribed by the Government as well as by the Corporation from time to time. Since collection of revenue is one of the main planks of the liquor trade and the State is in need of extra resources, for funding the plan, horizontal/ lateral expansion of licensed outlets will cater to the enhanced demands of the people of the State.

2.6 Taking over the monopoly in wholesale trade in IMFL and Country Sprit was a major policy decision of the Government. The Excise Revenue has increased substantially. The figures for the last ten years are as follows: -

| Year | Excise Revenue (Rs. in Crores) | Percentage of Growth |
|--|-----------------------------------|----------------------|
| 2002-2003 | Rs. 246.05 | 24.69% |
| 2003-2004 | Rs. 256.69 | 4.31% |
| 2004-2005 | Rs. 306.61 | 19.44% |
| 2005-2006 | Rs. 389.20 | 26.93% |
| 2006-2007 | Rs. 430.12 | 10.51% |
| 2007-2008 | Rs. 524.83 | 22.02% |
| 2008-2009 | Rs. 660.04 | 25.76 % |
| 2009-2010 | Rs. 848.97 | 28.63% |
| 2010-2011 | Rs. 1094.38 | 28.91% |
| 2011-2012 (Upto December, 2011) | Rs. 836.24 | 21.81 % |

3. IMFL AND BEER

3.1 The main source of Excise Revenue in the State is through imposition of duty/fee on India Made Foreign Liquor (IMFL) and Beer. There are 1166 Foreign Liquor 'Off' shops, 371 'On' shops, 14 'On' Clubs, 97 Beer Parlour, 29 Military Canteen in the State during 2011-12 (Upto 31.12.2011).

3.2 The IMFL 'Off' shops are settled by way of drawal of lottery. Consideration money is collected from the IMFL 'Off' / 'ON' / Beer Parlour and Club 'ON' shops each month. Besides, the State gets duty on the IMFL and Beer lifted by the retailers. The retailers have to lift a Minimum Guaranteed Quantity (MGQ) of IMFL and Beer, which ensures a guaranteed amount of duty.

4. OUT STILL (OS) LIQUOR:

Twenty districts of the State namely Sambalpur, Bargarh, Jharsuguda, Deogarh, Kalahandi, Nuapada, Bolangir, Sonapur, Boudh, Koraput, Rayagada, Nawarangpur, Malkangiri, Sundergarh, Angul, Keonjhar, Mayurbhanja, Ganjam, Gajapati, Dhenkanal are having Out Still system. These Out Still shops are settled by lottery. There are 572 Nos. of Out Still shops with 1323 branch shops for the year 2011-12 (upto 31.12.2011). Government orders have been issued not to renew licenses of OS Shops for 2011-12 in Kandhamal District.

5. COUNTRY SPIRIT SHOPS:

5.1 Country Spirit shops are prevalent in 09 Districts namely Cuttack, Jagatsingpur, Kendrapara, Jajpur, Puri, Nayagarh, Khurda, Balasore, and Bhadrak. The country spirit shops are settled by way of lottery. There are 243 nos. of Country Spirit shops in the State for the year 2011-12 (Upto 31.12.2011).

5.2 As per decision of Govt., C.S. is being supplied in 200 ml. glass bottles by the ACSI Ltd..

6. DISTILLERIES, BREWERIES AND BOTTLING PLANTS:

The State has three Distilleries, five Breweries and twelve Bottling Plants. The production capacity of each unit is detailed below.

| Sl. No. | Name of the Unit | Production Capacity |
|----------------|---|----------------------------|
| 1 | 2 | 3 |
| 1 | M/s. Shakti Sugars Ltd., Dhenkanal | 75,00,000 LPL |
| 2 | M/s. Aska Co-oeprative Sugar Industries Ltd., Aska | 22,50,000 LPL |
| 3 | M/s. Umeri Distilleries Pvt. Ltd., Umeri, Koraput | 27,60,000 LPL |
| 4 | M/s. Umeri Distilleries, Umeri, Jeypore, Koraput (Bottling) | 2,40,000 LPL |
| 5 | M/s. Hi-Tech Bottling, Sambalpur | 59,25,000 LPL |
| 6 | M/s. Heritage Distilleries, Nimapada, Puri | 99,90,000 LPL |
| 7 | M/s. Baccus Bottling Ltd., Balasore | 50,00,000 LPL |
| 8 | M/s. Utkal Distilleries, Khurda | 81,00,001 LPL |
| 9 | M/s. Pine Cask Bottling, Khurda | 12,00,015 LPL |
| 10 | M/s. Shree Shakti Distilleries Ltd., Rayagada | 6,48,000 LPL |
| 11 | M/s. Jeypore Sugar Company, Rayagada | 11,88,000 LPL |
| 12 | M/s. Fortune Spirits Ltd., Ganjam | 10,12,500 LPL |
| 13 | M/s. United Spirits Ltd., Ganjam | 15,00,005 LPL |
| 14 | M/s. Oriental Bottling Pvt., Ltd., Khurda | 6,29,200 LPL |
| 15 | M/s. Kwaliti Bottlers (P) Ltd., Janla, Khurda | 11,95,560 LPL |
| 16 | M/s. SKOL, Breweries, Paradeep, Jagatsinghpur | 2,00,00,000 BL |
| 17 | M/s. Denzong Breweries, Khurda | 1,60,25,600 BL |
| 18 | M/s. United Breweries, Khurda | 8,00,00,000 BL |
| 19 | M/s. Maikal Breweries Ltd., Bolangir | 1,08,00,000 BL |
| 20 | M/s. SR Breweries (P) Ltd., Cuttack | 2,50,00,000 BL |

7. LIFTING OF IMFL AND BEER:

156.50 Lakh LPL of IMFL and 293.00 Lakh BL of Beer during the year 2007-2008, 200.79 Lakh LPL of IMFL and 445.46 Lakhs BL of Beer for the year 2008-09, 265.26 Lakh LPL of IMFL and 635.13 Lakh BL of Beer during the year 2009-10, 344.42 Lakh LPL of IMFL and 751.48 Lakh BL of Beer for the year 2010-11 and 284.21 Lakh LPL of IMFL and 524.56 Lakh of BL of Beer have been lifted (Upto 31.12.2011).

8. LIFTING OF COUNTRY SPIRIT

59.29 lakh LPL of Country Spirit was lifted during the year 2007-08, 59.00 lakh LPL during the year 2008-09, 68.39 Lakh LPL during the year 2009-10 and 84.65 Lakh of LPL during the year 2010-11 and 50.27 Lakh of LPL of Country Spirit was lifted during the year 2011-12 (Upto 31.12.2011).

9. PERFORMANCE OF ODISHA STATE BEVERAGES CORPORATION:

9.1 Government have taken over the monopoly in wholesale trade of IMFL and Country Spirit through a State owned Corporation namely, Odisha State Beverages Corporation Ltd., which has been incorporated as a wholly owned company of the State Government under the Companies Act, 1956. As a result, the collection of Excise duty and sales tax has been increased. A year-wise growth chart of excise duty and sales tax is given below: -

| Item | YEAR (Rs. in crore) | | | | | | | | |
|-------------------------------------|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------------------------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 (Upto Dec, 2011) |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| (I) Excise duty | 143.72 | 164.46 | 210.29 | 242.42 | 301.12 | 434.30 | 526.41 | 722.36 | 652.98 |
| (II) Sales Tax including entry Tax. | 69.39 | 73.85 | 86.18 | 110.43 | 122.17 | 166.08 | 237.29 | 318.74 | 268.88 |
| Total | 213.11 | 238.31 | 296.47 | 352.85 | 423.29 | 600.38 | 763.70 | 1041.10 | 921.86 |

9.2 The Corporation has an authorized capital of Rs. 5.00 Crores. The Government have subscribed Rs. 1.00 Crore towards equity and has given a loan of Rs. 1.00 Crore to the Corporation. The Corporation has opened its depots at Khurda, Cuttack, Berhampur, Sambalpur, Balasore, Angul and Rayagada. The Corporation has also opened Country spirit depots at Cuttack, Khurda and Balasore. The Corporation has paid following amount towards licence fees.

| Year | Licence Fee (Rs. in crore) |
|---------|-------------------------------|
| 2003-04 | 6.00 |
| 2004-05 | 10.00 |
| 2005-06 | 12.00 |
| 2006-07 | 20.00 |
| 2007-08 | 30.30 |
| 2008-09 | 30.30 |
| 2009-10 | 40.30 |
| 2010-11 | 40.30 |
| 2011-12 | 50.35 |

9.3 By operation of the Provisions of Sec-20(A) of Bihar and Odisha Excise Act, as amended vide Odisha Act-9, the wholesale trade in Foreign Liquor and Country Spirit has been taken over by the Odisha State Beverages Corporation Ltd., established under the Companies Act, 1956 which is wholly owned and Controlled by the State Government. This being a statutory privilege, the wholesale license fee is realized from the OSBC Ltd., whereas the licence fee is realized from all retailers, manufacturers and other licensees which are granted by following due procedure as per the provisions of the Act & Rules.

9.4 The total turn over of the Corporation during the last ten years is as follows: -

| Year | Turn Over (Rs. in Crores) | Remarks |
|--------------------------|------------------------------|-------------|
| 2002-03 | Rs. 347.34 | Audited |
| 2003-04 | Rs. 378.01 | Audited |
| 2004-05 | Rs. 522.80 | Audited |
| 2005-06 | Rs. 523.09 | Audited |
| 2006-07 | Rs. 612.23 | Audited |
| 2007-08 | Rs. 735.28 | Audited |
| 2008-09 | Rs. 1013.34 | Audited |
| 2009-10 | Rs. 1427.47 | Provisional |
| 2010-11 | Rs. 1928.52 | Provisional |
| 2011-12 (Upto Jan, 2012) | Rs. 1819.27 | Provisional |

10. ENFORCEMENT

10.1 There are four Excise Intelligence and Enforcement Bureau (E.I. & E.B) Units in the State. Out of 4 units, one unit each is under the control of the three Excise Deputy Commissioners and one unit is under the Excise Commissioner, Odisha. Besides the EI and EB Units, there are mobile units in the districts to ensure enforcement.

10.2 Comparative statement of enforcement activities since 2003 - 2004 to 2011-12 (upto 31.12.2011) is furnished below: -

| Item | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 (Upto Dec, 2011) |
|----------------------------|-----------------------|-----------|-----------|-----------|-----------|-------------|-----------|-----------|--------------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| 1. No. of case detected | 31,199 | 30,541 | 30,534 | 17,367 | 14,762 | 13,586 | 13,598 | 10,828 | 10,834 |
| 2. No. of persons arrested | 15,885 | 15,732 | 14,955 | 5,489 | 4,969 | 6,243 | 6,964 | 6,132 | 6,636 |
| 3. | Major seized articles | | | | | | | | |
| (a) ID Liquor (Ltr) | 2,90,468 | 2,57,627 | 2,77,990 | 1,77,094 | 1,56,820 | 1,35,914 | 1,23,379 | 83,084 | 1,17,514 |
| (b) IMFL (LPL) | 8,387 | 11,652 | 18,737 | 5,713 | 9,433 | 6,008 | 4,189 | 3,568 | 3,878 |
| (c) Beer (BL) | 6,536 | 10,394 | 6,711 | 2,067 | 4,259 | 4,973 | 6,305 | 5,256 | 4,779 |
| (d) Wash (In Ltr.) | 49,99,645 | 48,36,889 | 26,23,503 | 27,55,681 | 24,93,282 | 2,01,75,591 | 17,14,389 | 12,04,674 | 13,21,437 |

11. DETECTION AND DESTRUCTION OF HEMP PLANT

During the year 2011-12 (Up to Dec, 11) the Excise Administration in the State have detected and destroyed following numbers of Hemp Plants in the eight (8) Districts along with E.I. & E.B. Units by conducting successful raids.

| Sl. No. | Name of the District | No. of Hemp Plants Destroyed | Approximate Value (In Rs.) |
|--------------------|----------------------|------------------------------|----------------------------|
| 1. | Angul | 6,18,000 | 6,18,000,000 |
| 2. | Sambalpur | 1,67,090 | 1,67,090,000 |
| 3. | Boudh | 2,33,645 | 2,33,645,000 |
| 4. | Gajapati | 56,217 | 56,217,000 |
| 5. | Kandhamal | 27,810 | 27,810,000 |
| 6. | Rayagada | 90,000 | 90,000,000 |
| 7. | Deogarh | 1,91,052 | 1,91,052,000 |
| 8. | Mayurbhanj | 13 | 13,000 |
| EI & EB (ND) Units | | 1,14,047 | 1,14,047,000 |
| EI & EB (SD) Units | | 85,000 | 85,000,000 |
| Grand Total | | 15,82,877 | 158,28,77,000 |

The approximate value of total destroyed Hemp Plants is Rs.158.28 Crore @Rs. 1000/- per Hemp Plant.

12. STEPS TO CHECK ILLICIT LIQUOR:

12.1 Collection of excise Revenue will suffer so long as Illicitly Distilled liquor is not controlled. In order to prevent the illegal inflow of non-duty paid liquor, affixture of Excise Adhesive Labels has been introduced to distinguish duty paid liquor. Such labels are being affixed on each bottle of IMFL, Beer Cartoon and Country Spirit bottle.

12.2 The Collectors of the Districts have been instructed to form a multidisciplinary squad consisting of selected officers with good track record from Police, Excise and Forest Departments to conduct extensive raids on the illicit distillation centers.

12.3 Public awareness has been made involving N.G.Os., S.H.Gs. and Panchayati Raj institutions about the dangers of drinking, particularly I.D. and spurious liquor.

12.4 The Bihar and Odisha Excise (Odisha Amendment) Act, 2006 has been enacted w.e.f. 1.6.2006 making provisions of punishment more stringent for excise offences.

Sub-Inspector of Excise and above rank officers have been vested with power of entry, search, seizure, arrest, authorization of arrests and filing of complain under provision of N.D.P.S. Act.

After stringent provisions made, a fear psychosis has been created among the mafia and illegal distillers. The illicit liquor trade is in slow declining trend. The Excise officials are getting more/ increasing attention from every quarter of the society. Public awareness has increased, and the focus is now on deterrence with many persons behind bars. Courts are also not granting bails. Excise offences have started reducing. A comparative Statement of no. of cases detected and arrested since last six years is given below.

| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 (Upto Dec, 2011) |
|------------------------|---------|---------|---------|---------|---------|--------------------------|
| No of cases detected | 17367 | 14762 | 13586 | 13598 | 10828 | 10834 |
| No of persons arrested | 5489 | 4969 | 6243 | 6964 | 6132 | 6636 |

More concerted efforts are being made for training of the excise field functionaries so as to achieve better coordination with all related agencies so that the conviction rate in excise offences can go up significantly.

12.5 Considering the changing situation, Odisha Excise Bill, 2008 has been passed by the Odisha Legislative Assembly in its 14th Session of the 13th Assembly. The Bill so passed intends to provide for a comprehensive law relating to alcoholic liquor and other intoxicants in the State of Odisha by making adequate provisions for punishment of the offenders and to make provisions for matters incidental thereto by replacing the Bihar and Odisha Excise Act, 1915. In the new law provisions have been made for establishment of Excise Stations, trial by Special Courts and forfeiture of property of the bootleggers and liquor mafias. This law has been passed incorporating model excise policy circulated by the Govt. of India and Odisha is considered as the first state to adopt the same. The Odisha Excise Bill, 2005 as passed by the Odisha Legislative Assembly is awaiting the assent of Her Excellency, the President of India.

13. COMPUTERISATION OF EXCISE DEPARTMENT:

With the Eleventh Finance Commission grant, Computers have been provided to all the Districts, Excise Deputy Commissioner's Office, Excise Commissioner's Office and Excise Department. The OSWAS and e-Despatch system has been introduced in the Department.

14. STAFF STRENGTH:

There is one Directorate under the Department headed by the Excise Commissioner under whom three Excise Deputy Commissioners are functioning at Cuttack, Berhampur and Sambalpur. The sanctioned strength of excise field staff as on 31.12.2011 is as follows: -

| | | |
|-----------------------------|----|------|
| 1. Superintendent of Excise | .. | 31 |
| 2. Deputy Superintendent | .. | 34 |
| 3. Inspectors | .. | 95 |
| 4. Sub-Inspectors | .. | 240 |
| 5. Assistant Sub-Inspectors | .. | 299 |
| 6. Constables | .. | 1198 |

15. BUDGET:

15.1 The budget provision for the year 2011-12 under non-plan was Rs.4468.80 lakh. Besides Rs.284.27 lakh has been provided in 1st Supplementary 2011-12. The budgeted target of collection of Excise Revenue for the year 2010-11 was Rs.1050.00 crore. The collection of Excise Revenue up to the month of March, 2011 was Rs.1094.38 Crore. The budgeted target of Excise revenue for the year 2011-12 is Rs.1350.00 Crore.

15.2 Because of non-renewal of Excise shops by the licensees and due to delay in settlement of Excise shops owing to various litigations, the collection of additional Excise revenue has been affected. Considering the relatively low per capita consumption of liquor in the State, the enhanced excise revenue target is achievable only if there is realistic and sustained expansion of excise infrastructure. Attempts are being made to improve the infrastructure for this purpose.

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