

REPORT ON THE ACTIVITIES OF THE EXCISE DEPARTMENT FOR THE YEAR 2015-16

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.

OSBC Ltd. have introduced Liquor Sourcing Policy, 2013-14 which supersedes Liquor Sourcing Policy, 2009-10.

2.6 Taking over the monopoly in wholesale trade in IMFL and Country Spirit 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
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	Rs. 1379.91	26.09%
2012-2013	Rs.1499.91	8.69%
2013-2014	Rs.1780.29	18.69 %
2014-2015	Rs. 2038.79	14.52%
2015-2016	Rs. 2568.68	25.99%

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 1165 Foreign Liquor 'Off' shops, 429 'On' shops, 16 'On' Clubs, 125 Beer Parlour, 35 Military Canteen in the State during 2015-16.

3.2 The IMFL 'Off' shops are settled by way of drawal of lottery. But Government have decided to settle 'OFF' shop through e-Auction in order to augment the excise revenue. 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, Sonepur, 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 556 Nos. of Out Still shops with 1412 branch shops for the year 2015-16. O.S. shops in the District of Kandhamal has not been renewed for the year 2015-16.

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. But Government have decided to settle Country Spirit shop through e-Auction in order to augment the excise revenue. There are 242 nos. of Country Spirit shops in the State for the year 2015-16.

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 four Distilleries, five Breweries and thirteen Bottling Plants. The production capacity of each unit is detailed below.

LIST OF DISTILLERIES/ BOTTLING PLANTS

INFORMATION ON DISTILLERIES / BOTTLING UNITS AND BREWERIES FUNCTIONING IN THE STATE		
Sl. No.	Name of the Units	Production Capacity
1	2	3
Distilleries		
1	M/s. Shakti Sugars Ltd., Dhenkanal	1,01,00,000 LPL
2	M/s. Umeri Distilleries, Umeri, Jeypore, Koraput (Bottling)	27,60,000 LPL
Name of the Bottling Units		
1	M/s. Aska Co-operative Sugar Industries Ltd., Aska	60,00,000 LPL
2	M/s. Umeri Distilleries Pvt. Ltd., Umeri, Koraput	2,40,000 LPL
3	M/s. Hi-Tech Bottling, Sambalpur	90,00,000 LPL
4	M/s. Heritage Distilleries, Nimapada, Puri	99,90,000 LPL
5	M/s. Bacchus Bottling Ltd., Balasore	50,00,000 LPL
6	M/s. Trinath Smart Pack Pvt. Ltd., Khurda	25,44,000 LPL
7	Ms/. Shree Shakti Distilleries Ltd., Rayagada	6,48,000 LPL
8	M/s. Jeypore Sugar Company, Rayagada	11,88,000 LPL

9	M/s. Fortune Spirits Ltd., Ganjam	30,01,000 LPL
10	M/s. United Spirits Ltd., Ganjam	1,20,00,000 LPL
11	M/s. Oriental Bottling Pvt., Ltd., Khurda (Lease Pernod Recard India Pvt. Ltd.)	69,51,000 LPL
12	M/s. Kwality Bottlers (P) Ltd., Janla, Khurda	16,22,000 LPL
13	M/s. Midas Bottling (P) Ltd., Khurda	5,91,000 LPL
14	M/s. S.R. Distillery (P) Ltd., Tangi, Cuttack	1,62,000 LPL

List of breweries

1	M/s. SKOL, Breweries, Paradeep, Jagatsinghpur	1,80,00,000 BL
2	M/s. Denzong Breweries, Khurda	1,60,25,600 BL
3	M/s. United Breweries, Khurda	10,00,00,000 BL
4	M/s. Maikal Breweries Ltd., Bolangir	1,08,00,000 BL
5	M/s. SR Breweries (P) Ltd.,	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 400.05 Lakh LPL of IMFL and 763.16 Lakh of BL of Beer for the year 2011-12, 404.20 Lakh LPL of IMFL and 756.13 Lakh of BL of Beer for the year 2012-13 and 447.52 Lakh LPL of IMFL and 802.81 Lakh of BL of Beer for the year 2013-14, 451.31 lakh and 789.74 lakh BL for the year 2014-15 & 455.70 Lakh LPL of IMFL and 485.43 Lakh BL of Beer for the year 2015-16 have been lifted.

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, 84.65 Lakh of LPL during the year 2010-11, 72.33 Lakh of LPL during 2011-12, 93.26 Lakh of LPL during the year 2012-13 and 95.96 lakh of LPL of

Country Spirit, during 2013-14 & 99.23 lakh LPL for the year, 2014-15 & 102.62 Lakh LPL of Country Spirit have been lifted for the year 2015-16.

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: -

		(Rs. In Crore)							
Item		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(I)	Excise duty	434.30	526.41	722.36	972.82	1089.88	1262.00	1404.50	1815.85
(II)	Sales Tax including entry Tax.	166.08	237.29	318.74	384.58	432.93	504.62	670.94	817.83
Total		600.38	763.70	1041.10	1357.40	1522.81	1766.62	2075.44	2633.68

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

Year	Licence Fee (Rs. in crore)
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
2012-13	50.64
2013-14	100.80
2014-15	151.90
2015-16	2.75

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 turnover of the Corporation during the last ten years is as follows:-

Year	Turn Over (Rs. in Crores)	Remarks
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	Audited
2010-11	Rs. 1928.52	Audited
2011-12	Rs. 2320.18	Audited
2012-13	Rs.2619.08	Audited
2013-14	Rs.3047.01	Audited
2014-15	Rs.3532.35	Audited
2015-16	Rs. 3878.39	Provision

9.5 Odisha State Beverages Corporation has paid the following amount to Govt. towards dividend:

Sl. No.	For the Financial Year	Dividend paid to Govt. (Finance Deptt.)
1	2010-2011	Rs.14,31,87,778/-
2	2011-2012	Rs.19,79,64,940/-
3	2012-2013	Rs.22,90,31,747/-
4	2013-2014	Rs.16,88,37,495/-
5	2014-2015	Rs.10,01,70,000/-
6.	2015-16	Audit not done

9.6 Odisha State Beverages Corporation has paid the following donation to Chief Minister's Relief Funds.

SL No.	Financial Year	Date of payment	Amount (Rs. in Crore)
1	2002-03	25.11.2002	0.50
2	2008-09	18.07.2008	0.50
3	2009-10	04.07.2009	1.00
4	2010-11	31.03.2011	2.00
5	2012-13	07.03.2013	15.00
6	2013-14	19.10.2013	5.00
7	2013-14	25.03.2014	10.00
8	2014-15	05.01.2015	15.00
9	2014-15	09.03.2015	10.00
10	2015-16	14.03.2016	10.00

10. ENFORCEMENT

10.1 There is one high level Coordination Committee at the state level under the chairmanship of Chief Secretary to review enforcement activities of the State throughout the districts quarterly. 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. One Joint Excise Commissioner post is created to regulate the enforcement activities of the State under supervision of Excise Commissioner.

10.2 Comparative statement of enforcement activities since 2009-10 to 2015-16 is furnished below: -

Item	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
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	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	No. of case detected	13,598	10,828	15,157	15,918	17,145	17,373	19,321
2.	No. of persons arrested	6,964	6,132	9,236	11,265	12,395	12,763	15,482
3.	Major seized article							
	(a) ID Liquor (Ltr)	1,23,379	83,084	2,10,738	2,32,436	1,56,829	1,52,818	2,39,963
	(b) IMFL(LPL)	4,189	3,568	7,469	6,417	14,904	8,893	13,239
	(c) Beer (BL)	6,305	5,256	7,633	6,464	13,249	12,521	16,361
	(d) Wash (In Ltr.)	17,14,389	12,04,674	18,71,605	22,52,456	15,98,610	15,11,463	15,89,031

11. DETECTION AND DESTRUCTION OF HEMP PLANT

To accelerate the Hemp Plant destruction, 20 nos. of new vehicles have been provided to the different Superintendents of Excise from C.S.R. fund of OSBC Ltd. Besides that in 9 Districts namely, Angul, Deogarh, Sambalpur, Rayagada, Boudh, Gajapati, Malkangiri, Kandhamal & Nayagarh where there is high density of Hemp Plant cultivation, Rs.59.60 Lakh has been provided for strengthening enforcement activities for hemp plant cultivation destruction. During the year 2015-16, the Excise Administration & Police in the State have detected and destroyed following number of Hemp Plants in the Districts by conducting successful raids.

Sl. No.	Name of the District	No. of Hemp Plants Destroyed for 2015-16
1.	Angul	493931
2.	Sambalpur	12860
3.	Boudh	1975704
4.	Gajapati	357690
5.	Kandhamal	1247800
6.	Rayagada	278600
7.	Deogarh	15014
8.	Malkanagiri	442914
9.	Nayagarh	100
10.	Cuttack	8816
11.	EI &EB (ND)	2100
Grand Total		4854429
Approximate Value (In Rs.)		4,85,44,29,000

The approximate value of total destroyed Hemp Plants is Rs.485.44 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. Besides, to gather information about illicit liquor traders one toll free Helpline No.1800-3456-713 has been introduced and the same is functioning in the office of the Excise Commissioner, Odisha, Cuttack.

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 been 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.

Subject	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
No of cases detected.	10,828	15,157	15,918	17,145	17,373	19,321
No of persons arrested.	6,132	9,236	11,265	12,395	12,763	15,482

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.

Besides, an Advisory Board has been constituted comprising of a sitting Judge of Odisha High Court and two members out of retired Judge of Odisha High Court for preventive detention u/s 9 (a) of NDPS Act.

13. COMPUTERISATION OF EXCISE DEPARTMENT:

Computerization system has been introduced in Department and also sub-ordinate offices. 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. The following steps are being taken for better monitoring.

- To implement e-Governance for modernizing Excise Administration and Management.
- To facilitate e-payment and e-filing as well as e-disposal of applications in the Directorate and District Excise Offices.

- To impart training and refresher programmes to all the Excise Officials starting from the lowest rank i.e. Excise Constable for capacity building.
- Settlement of Excise shops through e-Auction to maintain transparency and to ensure competitive market price discovery.
- Sustained effective measures against alcoholism, drug addiction with the assistance of NGOs, SHG Groups, PR Institutions.
- To devise a comprehensive guideline for optimum utilisation of CSR contribution of OSBC.
- To upgrade the status of OSBC for its enlistment under gold category State PSUs.
- Adopting concurrent audit system to avoid prolonged/ cumulative financial mismanagement, if any,
- Establishment/up-gradation/ Modernization of OSBC Depot.
- Lurching of computerization in OSBC Ltd.

14. STAFF STRENGTH:

There is only one Directorate under the Administrative control of Excise Department headed by the Excise Commissioner under whom there are three Excise Deputy Commissioners are functioning at Central Division, Cuttack, Southern Division, Berhampur and Northern Division, Sambalpur.

The staff position of Excise Field functionaries is as follows: -

Sl No.	Name of the Post		Sanctioned strength	Man in Position	Vacant
1.	Superintendent of Excise	..	31	15	16
2.	Deputy Superintendent	..	34	32	02
3.	Inspector of Excise	..	95	89	06
4.	Sub-Inspector of Excise	..	240	216	24
5.	Assistant Sub-Inspector of Excise	..	301	263	38
6.	Excise Constable	..	1198	1085	113

15. BUDGET:

The budget provision for the year 2015-16 under non-plan was Rs.68.32 Crores and Rs. 5.00 Crores has been allotted under State Plan for 2015-16 for construction of 66 nos. of Range & Charge Offices with attached Malkhana & Hazat.

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