

REPORT ON THE ACTIVITIES OF THE EXCISE DEPARTMENT FOR THE YEAR 2007-08

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 there are four sections functioning in the Excise Department. The collection of the excise revenue are enumerated below for better appreciation.

EXCISE POLICY:

Article 47 of the Constitution of India envisages that every State shall endeavor 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 behaviour like all economic goods, the intoxicants also have a 'supply' side and a demand side. The endeavor of the Government has been to recognize that the existing demand has to be met by legitimate and safe supply of reasonable quality. Any short supply of the legitimate liquor is bound to result in bootlegging / spurious liquor, which would endanger public safety.

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 without compromising with the social values.

According to Article 246 (3) of the Constitution of India, the Legislature of the State has exclusive powers to make the 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).

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 the shape of licences.

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 the 'Orissa State Beverages Corporation'. 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 Orissa 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 the 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 expansion of licensed outlets will cater to the enhanced demands of the people of the State.

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 seven years are as follows: -

Year	Excise Revenue (Rs. in Crores)	Percentage of Growth
2001-2002	Rs. 197.35	45.81%
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	22.01%
2008-09 (Upto Sept.08)	Rs. 246.38	-

IMFL AND BEER

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 **813 Foreign Liquor 'Off' shops, 208 'On' shops, 13 'On' Clubs** and **37 Beer Parlours** in the State during 2007-08 as on 14.01.2008.

The IMFL 'Off' shops are settled by way of drawal of lottery. The collection of consideration money of the IMFL 'Off' shops and 'ON' shops during 2007-08 (upto Jan'2008) is Rs.27.44 crores and Rs.2.00 crores respectively. 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.

OUT STILL (OS) LIQUOR:

Twenty Districts of the State namely Sambalpur, Bargarh, Jharsuguda, Deogarh, Kalahandi, Nuapada, Bolangir, Sonapur, Boudh, Koraput, Rayagada, Nawarangpur, Malkanagiri, Sundergarh, Angul, Keonjhar, Mayurbhanja Ganjam, Gajapati & Dhenkanal are having Out Still system. These Out Still shops are settled by lottery. There are 536 Nos. of Out Still shops with 893 branch shops. The collection of consideration money from the Out-Still main and branch shops during the year 2007-08 (upto January, 08) is Rs 34.03 Crore.

COUNTRY SPIRIT SHOPS:

Country Spirit shops are prevalent in 10 Districts namely Cuttack, Jagatsingpur, Kendrapara, Jajpur, Puri, Nayagarh, Khurda, Phulbani, Balasore and Bhadrak. The country spirit shops are settled by way of lottery. There are 152 nos. of Country Sprit shops in the State. The collection of consideration money of Country Spirit shops is Rs 3.56 crore during the year 2007-08 (Up to January' 08).

DISTILLERIES, BREWERIES AND BOTTLING PLANTS:

The State has three Distilleries, four Breweries and eleven Bottling Plants. The production capacity of the Bottling Units and Breweries is 200.71 lakh LPL of IMFL and 510.20 lakhs BL of Beer within the State.

LIFTING OF IMFL AND BEER:

143.06 Lakhs LPL of IMFL and 239.06 Lakhs BL of Beer were lifted during the year 2006-2007. During the year 2007-08 (upto Jan'2008) 125.37 Lakh LPL of IMFL and 218.72 Lakhs BL of Beer have been lifted.

LIFTING OF COUNTRY SPIRIT

52.55 lakh LPL of Country Spirit was lifted during the year 2006-07. During the year 2007-08 (upto Jan'08) 47.71 lakh LPL of Country Spirit was lifted.

PERFORMANCE OF ORISSA STATE BEVERAGES CORPORATION:

Government have taken over the monopoly in wholesale trade of IMFL and Country Spirit through a State owned Corporation namely, Orissa 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)
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (upto Jan'08)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(I) Excise duty	108.25	137.37	143.72	164.46	210.29	242.42	234.49
(II) Sales Tax including entry Tax.	46.41	58.24	69.39	73.85	86.18	110.43	96.53
Total	154.66	195.61	213.11	238.31	296.47	352.85	331.02

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 and Rayagada. The Corporation has also opened Country spirit depots at Berhampur, Khurda and Balasore. In order to meet the increasing demands, three more depots are proposed to be opened at Keonjhar, Angul and Bolangir. The Corporation has paid following amount towards licence fees and privilege fee.

Year	Licence Fee (Rs. in crore)	Privilege Fee (Rs. in crore)
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2003-04	6.00	5.00
2004-05	10.00	5.00
2005-06	12.00	5.00
2006-07	20.00	Not imposed since 2006-07
2007-08	30.00	Not imposed since 2006-07

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

Year	Turn Over (Rs. in Crores)	Remarks
2001-02	Rs. 275.43	Audited
2002-03	Rs. 347.25	Audited
2003-04	Rs. 378.00	Provisional
2004-05	Rs. 452.38	Provisional
2005-06	Rs. 523.09	Provisional
2006-07	Rs. 612.23	Provisional
2007-08 (upto Jan'08)	Rs.485.91	Provisional

ENFORCEMENT

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, Orissa. Besides the EI and EB Units, there are mobile units in the districts to ensure enforcement.

Comparative statement of enforcement activities since 2003-04 during the first seven months of the current year against previous year (2003-2004) is furnished below: -

Item	2003-04	2004-05	2005-06	2006-07	2007-08 (upto 31.12.07)
(1)	(2)	(3)	(4)	(5)	(6)
1. No. of case detected	31,199	30,541	30,534	17,367	11,246
2. No. of persons arrested	15,885	15,732	14,955	5,489	3,882
3. Major seized articles					
(a) ID Liquor (Ltr)	2,90,468	2,57,627	2,77,990	1,77,094	99,329
(b) IMFL (LPL)	8,387	11,652	18,737	5,713	2,907

(c) Beer (BL)	6,536	10,394	6,711	2,067	3,114
(d) Wash (Kg)	49,99,645	48,36,889	26,23,503	27,55,681	17,31,684

DETECTION AND DESTRUCTION OF HEMP PLANT

During the year 2007-08 (upto January, 2008) the excise administration in the State have detected and destroyed following numbers of Hemp Plants in the thirteen (13) 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	7,32,000	73,20,00,000
2.	Sambalpur	1,89,543	1,89,543,000
3.	Boudh	43,500	4,35,00,000
4.	Gajapati	2,38,600	23,86,00,000
5.	Koraput	2,349	23,49,000
6.	Kandhamal	46,864	4,68,64,000
7.	Malakangiri	10,02,012	10,02,012,000
8.	Nuapada	5,00,000	50,00,00,000
9.	Cuttack	2,49,710	24,97,10,000
10.	Mayurbhanja	93	93,000
11.	Nayagarh	5,198	51,98,000
12.	Jharsuguda	1	1,000
13.	Keonjhar	43	43,000
Total		30,09,913	30,09,913,000
EI & EB Unit-I		1,10,100	11,01,00,000
Grand Total		31,20,013	312,00,13,000

The approximate value of total destroyed Hemp Plants is Rs. 312.00 Crore @Rs. 1000/- per Hemp Plant.

STEPS TO CHECK ILLICIT LIQUOR:

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 from the seconds. Such labels are being affixed on each bottle of IMFL / Beer and Country spirit pouch.

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.

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

The Bihar and Orissa Excise (Orissa 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 arrest 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 slowly declining trend. The Excise officials are getting more/ increasing attention from every quarters of the society. Public awareness has increased and the flaw is now deterrent and many persons are behind the bar. Courts are also not granting bails. Excise offences started reducing. 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.

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. A sum of Rs. 50.00 lakhs was provided for the purpose and has been utilised fully for the purpose.

STAFF STRENGTH:

There is only 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 01.04.2008 is as follows: -

1. Superintendent of Excise	..	27
2. Deputy Superintendent	..	7
3. Inspectors	..	79
4. Sub-Inspectors	..	205
5. Assistant Sub-Inspectors	..	185
6. Constables	..	1127

BUDGET:

The budget provision for the year 2007-08 was Rs.1864.13 lakh. Besides Rs.290.40 lakh has been provided in 1st Supplementary 2007-08. The

budgeted target of collection of Excise Revenue for the year 2007-08 was Rs.553.70 crore. The collection of Excise Revenue up to the month of January'2008 is Rs.348.22 crore.

Because of not renewing the Excise shops by the licensees and due to delay in settlement of Excise shops owing to various litigations, the collection of projected Excise revenue has affected. Considering the relatively low per capital consumption of liquor in the State, the enhanced excise revenue is only possible if there is realistic expansion of excise infrastructure. Attempts are being made to improve the infrastructure for this purpose.

LIQUOR TRAGEDY COMMISSION:

Government had appointed one man Commission of Inquiry consisting of Hon'ble Justice Sri P. K. Patra, Retired Justice of High Court of Orissa vide Excise Department Notification No. 2544 dt.4.5.2006 to enquire into the Liquor Tragedy occurred in Rambha Police Station Area of Ganjam District from 16.03.2006 to 22.03.2006 and in Golabandha area under Gopalpur P.S in the same district on 23-24th April, 2006 which took 29 lives. The Commission of Inquiry has recorded evidence of 34 persons by 31.03.2007. The tenure of the Commission of Inquiry has been extended till 05.03.2008 for submission of report.

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