

**THE**  
**INDIA EXCISE**  
**RULES, 2016.**

## **THE INDIA EXCISE RULES, 2016.**

Notification No.EX.138/2015/99

Dated 30<sup>th</sup> August, 2016

In exercise of the powers conferred by Section 84 of the INDIA Excise Act, 2000 (INDIA Act XIV of 2000) and in supersession of all previous Notifications on the subject, except as respects the things done or omitted to be done before such supersession, the Governor of INDIA is hereby pleased to make the following rules, namely:-

### **1. Short title and commencement:**

- (1) These rules may be called the INDIA Excise Rules, 2016.
- (2) They shall come into force on the date of their publication in the Official Gazette.

## PART – I

### FOREIGN

### LIQUOR

1-A. **Definitions:** In these rules unless there is anything repugnant in the subject or context;-

- (i) **“Overseas Foreign Liquor”** means Liquor imported to India from overseas countries which had paid duty on its import under the Indian Tariff Act, 1934 or the Sea Customs Act, 1878, as amended up-to-date or under any latest arrangement of liberalized import policy of the Central Government, but does not include denatured spirit;
- (ii) **“Private individuals”** means persons or firms not holding a licence from the Collector for the wholesale or retail sale of foreign liquor;
- (iii) **“Foreign Liquor”** means,-
  - (a) the spirit that has been made in India and has been sophisticated or compounded so as to resemble in colour and flavour of whisky, brandy, gin or rum, imported from overseas countries;
  - (b) rectified spirit which has been made in India;
  - (c) absolute alcohol made in India;
  - (d) spirit made in India from some special bases (such as malt or toddy) not recognized in INDIA as bases for country spirit;
  - (e) spirit denatured in India;
  - (f) spirit made in India which has been blended with spirit imported into India;
  - (g) wines and liquors which have been made in India, perfumed spirit made in India and spirit manufactured in India and used in drugs, medicines or chemicals;
  - (h) Beer which has been brewed in India or imported into India in a condensed form and afterwards converted into potable beer.
- (iv) **“Beer”** includes ale, stout, port and all other fermented liquor usually made from malt;
- (v) **“Absolute alcohol”** means the spirit obtained from rectified spirit by removing the water present as much as possible by treatment with quick- lime or potassium carbonate. The absolute alcohol of the British

Pharmacopoeia should not contain more than one percent by weight of water;

- (vi) **“Rectified spirit”** Rectified spirit or spirit of wine means plain spirit of a strength of not less than 50<sup>0</sup> (fifty degree) O.P;
- (vii) **“Plain spirit”** means spirit to which no flavour has been communicated and to which no flavouring or colouring matter or other material or ingredient has been added;
- (viii) **“India made rectified spirit”** includes absolute alcohol;
- (ix) **“Spirituous Preparation”** includes all medicinal or other flavouring essences, extracts, perfumes and toilet preparations containing spirit;
- (x) **“India made foreign spirit”** means spirit manufactured, compounded in India and made in colour and flavour to resemble gin, brandy, whisky or rum imported from overseas countries;
- (xi) **“Scotch whisky”** means spirit obtained by distillation in Scotland from a mash of cereal grains saccharified by the diastase of malt and matured in a bonded warehouse in casks for a period of at least three years;
- (xii) **“French Brandy”** means brandy made from grapes in France and imported to INDIA in its original condition;
- (xiii) **“Denatured spirit”** means the spirit as defined in Section 2(f) of the INDIA Excise Act, 2000 (INDIA Act XIV of 2000);
- (xiv) **“British spirit”** means spirit manufactured in a licensed distillery in Great Britain;
- (xv) **“India made spirit”** means plain spirit manufactured in a distillery in India under the supervision of Government, of a strength not less than 50 degree O.P. and includes India made foreign spirit;
- (xvi) **“Bonded warehouse”** means the premises or any part of the premises within a manufactory approved and licensed for deposit or storage of spirits on which duty has not been paid;
- (xvii) **“Wholesale Warehouse”** means the premises or any part of the premises approved and licensed for deposit or storage of spirits on which duty/levy has been paid and from where India made foreign liquor may be supplied by wholesale;
- (xviii) **“Officer-in-charge”** means officer of the Excise Department deputed to supervise the work in a distillery, manufactory, pharmaceutical bonded laboratory, bonded warehouse or Canteen Stores Depot (India) at Narangi,

Missamari and Masimpur or any other places notified by the Government in Official Gazette;

- (xix) **“Blending”** means the mixture of spirits or wines of different strengths or of different qualities;
- (xx) **“Compounding”** means the artificial preparation of foreign liquor by addition to the imported or locally made spirit of flavouring or colouring matter or both;
- (xxi) **“Bottling”** means bottling as defined in Section 2(b) of the INDIA Excise Act, 2000 (INDIA Act XIV of 2000);
- (xxii) **“Mritasanjibani”** means a medicinal preparation of the Ayurvedic system of medicine containing alcohol not exceeding 42 percent of proof spirit obtained by the process of fermentation and distillation;  
For the purpose of import and manufacture, such preparations treated as India made foreign liquor and for the purpose of possession and sale as medicated wine, this preparation may be sold under cover of a medicated wine licence issued in Form-31 at the rate prescribed for the purpose;
- (xxiii) **“Medicated wines or spirits”** mean the wines or spirits compounded with various drugs which do not contain more than 42 percent of proof spirit;
- (xxiv) **“Wholesale Vend”** means the vend in quantities exceeding the limit of sale by retail;
- (xxv) **“Retail Vend”** means the vend in quantities not exceeding the limit of sale by retail;
- (xxvi) **“Reducing”** means the reduction of liquor from a higher to a lower alcoholic strength by the addition of pure water;
- (xxvii) **“Sophisticating”** has the same meaning as compounding;
- (xxviii) **“Supervisor”** means the Excise Officer-in-charge of a spirit warehouse;
- (xxix) **“Tariff rate”** means the rate of import duty prescribed in the Indian Tariff Act for the time being in force;
- (xxx) **“Cask”** includes metal drums wherever the use of these vessels is sanctioned by the Excise Commissioner;
- (xxxi) **“Import”** means to bring into the territories to which this Act applies otherwise than across a customs frontier as defined by the Central Government;
- (xxxii) **“Export”** means to take out of the territories to which this Act applies otherwise than across a customs frontier as defined by the Central Government;

- (xxxiii) **“Transport”** means to move from one place to another within the territories to which this Act applies;
- (xxxiv) **“Ready to Drink Alcoholic Beverage”** means any low alcoholic beverage made from Spirit or any alcoholic beverage as base with admixture of natural juices and/or artificial flavors, spices, coloring agents and sugar containing added alcohol of not more than 5% V/v, usually carbonated;
- (xxxv) **“Manufactory”** means the premises where India made foreign liquor/ Beer/ Wine is manufactured and stored without payment of duty under the licences for compounding, blending and bottling of foreign liquor and includes a brewery where beer is brewed and winery where wine is produced;
- (xxxvi) **“MRP”** means Maximum Retail Price per bottle inclusive of all taxes which is declared by the registered manufactory at the time of applying for registration of the brand.

2. **Rules applicable to import, export, transport and storage :** The import, export, transport and storage of foreign liquor shall be subject to the following rules in addition to restrictions imposed by Section 8, 9 and 12 and any prohibition made under Section 10 of the INDIA Excise Act, 2000.

**(A) Import of India Made Foreign Liquor (IMFL), into INDIA from Distilleries located outside the State or Transport of IMFL from manufactories located within the State, other than Rectified Spirit, Denatured Spirit and Absolute Alcohol, manufactured in India.**

3. **Import or transport of India Made Foreign Liquor forbidden without pass/permit :** Import of India made foreign liquor in any quantity whatsoever except as provided below are forbidden except under the cover of a pass/permit and unless the conditions of the following rules are satisfied.
4. **Persons eligible to import or transport India Made Foreign Liquor:** Passes/permits for import/transport of India made foreign liquor shall be issued by the authorities as provided under rule 484 of these Rules only to the licence holder of wholesale warehouses.
5. **Conditions for import or transport of India Made Foreign Liquor :** The following conditions are to be followed for import/transport of India made foreign liquor:
  - (a) that the importer/ transporter is a Wholesale Warehouse licensee.

- (b) that the importer/transporter obey the conditions of the permit and all rules in force in the State of INDIA and in the case of Import, the rules in force in the State of export.
- (c) that the entire Ad-valorem levy payable on the quantity imported/transported have been prepaid at the place where the importer/transporter's Wholesale warehouse is located.
- (d) that the liquor is brought by the route and within the period specified in the permit.

**Procedure for Import or Transport of India Made Foreign Liquor.**

- 6. Application for import or transport of India made foreign liquor :** Any licence holder of a Wholesale warehouse wishing to import or transport India made foreign liquor into INDIA from distilleries/ manufactories located outside or within the State, must either personally or through his agent first submit an application in prescribed form, to the Commissioner of Excise, INDIA through the Superintendent of Excise of the concerned district for an Import or transport permit stating clearly:
- (i) the name of the distillery or brewery from which the import or transport is to be made;
  - (ii) the name and the complete description and quantity of each kind of liquor which is to be imported or transported as the case may be;
  - (iii) the route by which liquor is proposed to be imported or transported;
  - (iv) Deposited Challan showing the amount of Ad-valorem levy at the rates prescribed in rule 19 of these Rules and the fee leviable on total quantity of the liquor. (For each consignment a separate application shall be necessary).
- 7. Payment of import or transport pass fee:** Import and transport pass fee shall be levied as specified under rule 484 of these Rules.
- 8. Issue of import or transport permit/ pass :** On receipt of the application and copy of treasury challan of Ad-valorem levy and of import or transport pass fee paid and if it is found in order, the Commissioner of Excise, INDIA or other authorized officials as provided under rule 484 of these Rules, shall issue an import or transport permit/ pass, as the case may be, in quadruplicate in prescribed form as per sec.13 of the Act, sanctioning the import or transport by the applicant, the India made foreign liquor of the kind and quantity specified in the permit to the place mentioned in the

application. The original copy shall be retained by the Commissioner of Excise, INDIA for record. The duplicate and triplicate copies shall be sent to the Excise Authority competent to allow the export of the liquor from the exporting end. The quadruplicate copy shall be handed over to the applicant which shall accompany the consignment. A register of permit/ pass shall be maintained in the office of the Commissioner of Excise, INDIA and details of each permit/ pass issued shall be immediately entered in it.

9. **Endorsement of the pass and issue of liquor :** The Excise Authority of the place of export empowered in this behalf, if the pass is in order, shall endorse one copy of the pass received from the permit issuing authority of importing place and permit the liquor to be taken from the distillery/ brewery/ manufactory for dispatch to the place specified in the permit and will send one copy to the permit issuing authority of the importing place, with endorsement in token that the dispatch has been authorized.
10. **Duty on Excess Wastage:** 1) Wholesale warehouse licensees shall not be liable to pay ad-valorem levy on liquor which is contained in bottles and is found damaged in transit upto the extent of 0.25 per cent of the volume of consignment and to pay the levies as applicable for breakage in transit beyond that.
- 2) The Wholesale licensee shall submit monthly report to the Superintendent of Excise of the concerned district about all such wastages alongwith all such evidences that may be required to establish his claim for wastage. The Superintendent of Excise will then report to the Excise Commissioner certifying that such wastages have actually occurred.
- 3) The Excise Commissioner, on receipt of the report from the Superintendent of Excise, may remit the ad-valorem levy involved on the quantity up to the allowable limit or may order it to be adjusted with the next Import/ Transport permit.
- Provided that all such remissions or adjustments shall be allowed after the end of every quarter i.e. after 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December and 31<sup>st</sup> March.
11. **Quarterly statement of export to be furnished by exporting State :** The Commissioner of Excise of the State of export will furnish or cause to be furnished to the Excise Commissioner, INDIA, a quarterly statement in the form prescribed by



him from time to time immediately after the close of the quarter, showing for the quarter concerned, all exports from that State to the State of INDIA.

**(B) IMPORT OF OVERSEAS FOREIGN LIQUOR.**

- 12. Import of overseas foreign liquor :** Overseas foreign liquor may be imported into INDIA under cover of a pass and in accordance with the rules immediately hereinafter following and in compliance with the rules in force in the place of export.
- 13. Import of overseas foreign liquor by licence-holder :** Any licence holder of wholesale of foreign liquor desiring to import overseas foreign liquor into INDIA shall present personally or through his agent an application to the Excise Commissioner through the Collector of the place where liquor is to be imported stating :
- (i) the name and address of the firm from which the import is to be made;
  - (ii) the name, complete description and quantity of each kind of liquor which is to be imported and whether the import is to be made in bulk or in bottles;
  - (iii) the route by which it is proposed to import the liquor.
  - (iv) Deposited Challan showing the amount of Ad-valorem levy at the rates prescribed and the fee leviable on total quantity of the liquor. (For each consignment a separate application shall be necessary).
- 14.(a) Payment of Pass fee :** Import permit fee on import of overseas foreign liquor/ BIO products imported from foreign countries or from the customs stations in India by licence holders, shall be levied at the following rates:
- (i) An import permit fee of Rs.800.00 per case of Scotch Whisky containing 12 bottles of 750 ml size or equivalent quantity.
  - (ii) An import permit fee of Rs.600.00 per case of Vodka, Gin, Brandy, Rum containing 12 bottles of 750 ml size or equivalent quantity.
  - (iii) An import permit fee of Rs.500.00 per case of Wine containing 12 bottles of 750 ml size or equivalent quantity.
  - (iv) An import permit fee of Rs.400.00 per case of Beer containing 12 bottles of 650 ml size or equivalent quantity.

The import permit fee and the Ad-valorem levy at the prescribed rate is payable in advance for issue of passes for import of overseas Foreign Liquor (BIO

product) into INDIA in accordance with the above provisions, by the Wholesale licence holder.

- (b) **Issue of pass** : The Excise Commissioner of the place where the liquor is to be imported may receive the application and unless he sees any reason to the contrary shall issue a pass on payment of the Import permit fee as prescribed in sub-Rule (a) above and the Ad-valorem levy. The pass shall be in duplicate in Form-30 of the foreign liquor series on prepayment of a Import permit fee as levied under Rule 14(a) and ad-valorem levy as per rule 23 of these Rules. No import fee shall be levied if the duty for transportation of the liquor from foreign countries is levied under the Indian Tariff Act, 1894 or the Sea-Customs Act, 1878 but if the liquor is transported from customs station, a transport pass fee shall be realized at the rate as prescribed under Rule 16(b) of these Rules along with the countervailing duty. The original copy shall be retained by the Collector for record and verification of the consignment on arrival. The duplicate copy shall be given to the applicant to cover the import of liquor from the place of export to the place of import. A register of passes shall be maintained by the Excise Commissioner of the place of import in the form prescribed and details of each pass issued shall be immediately entered in it together with the result of verification of the consignment.

15. **Examination of consignment of overseas foreign liquor on arrival** : On receipt of the consignment the applicant shall at once notify its arrival to the Collector of the place of import and shall not open the consignment until a period of two days has elapsed or the Collector has intimated that it will not be examined or it has been examined by an officer of Excise Department not below the rank of Inspector or any other officer deputed by him for examination together with the pass received by the importer.

**(C) TRANSPORT OF INDIA MADE FOREIGN LIQUOR BY THE PERSONS HOLDING LICENCES FOR WHOLESALE OR RETAIL SALE.**

- 16 (a) **Persons eligible for transport of India made foreign liquor** : Passes for transport of India made foreign liquor/beer shall be issued by the Excise Commissioner only to the persons holding licences for wholesale of India made foreign liquor or beer as per the procedure under Rule 17 of these Rules.

- (b) A transport pass fee shall be levied for the transport of India made foreign liquor/beer from the manufactory to the wholesale warehouse licensed for wholesale of IMFL/ Beer to the retail vendor only within INDIA at the rate as may be fixed by the State Government from time to time.

No retail licensee shall be allowed to transport IMFL/Beer directly from any manufactory.

**17. Application for transport of India made foreign liquor by retail licensees:**

The holder of the licence for retail sale of India made foreign liquor wishing to transport India made foreign liquor must either personally or through his agent first submit an application to the Collector of his district for a transport pass in Form-26 of the foreign liquor series stating:

- (i) the name of the wholesale warehouse from which the transport is to be made;
- (ii) the name, complete description and quantity of each kind of liquor which is to be transported and whether the transport is to be made in bulk or in bottle;
- (iii) the route by which the liquor is proposed to be transported;

- 18. Endorsement of application:** If the application is found to be in order, the Collector or any authorized officer shall endorse the application.

- 19. (a) Excise Duty as *Ad-valorem* levy on India Made Foreign Liquor:** *Ad-valorem* levy on IMFL of the kinds namely; Brandy, Whisky, Gin, Rum, Cordial, Wine, Beer, Draught Beer etc. shall be charged on the basis of a duty multiplier on the assessed value ascertained by applying an abatement of 65 % on the declared MRP. The different kinds of Foreign Liquor are listed below under sub-Rule.V of rule 19(a):

**I Prescribed *Ad-valorem* levy on different brands of India Made Foreign Liquor for civil consumption:**

<b>1. BEER</b>	(a) Containing alcohol upto 0.57 times of the assessed
<b>INCLUDING</b>	5% v/v value ascertained by
<b>DRAUGHT</b>	applying an abatement of
<b>BEER</b>	65% on the declared
	MRP.

The Ad-valorem levy on

draught beer shall be charged on the basis of its daily installed capacity @

Rs.32 per BL.

(b) Containing alcohol 0.82 times of the above 5% cost price assessed value range from 0 to above per ascertained by applying case of 12 bottles of 650 an abatement of 65% on ml size or equivalent the declared MRP. quantity or 7.8

BL.

## 2. India Made (a) General Brand

**Spirit** For MRP less than 1.03 times of the contained in and Rs.196 per bottle of 750 assessed value India ml, Rs.98 per bottle of ascertained by applying mad 375 ml and Rs.50 per an abatement of 65% on e rectified spirit bottle of 180 ml size. the declared MRP subject for the to a minimum of Rs.68 manufacture of per bottle of 750 ml or Brandy, Whisky, equivalent quantity. Gin, Rum, Liquor cordials and other similar potable alcoholic preparations.

**(b) Regular Brand** 0.99 times of the MRP equal to or more assessed value than Rs.196 per bottle of ascertained by applying 750 ml, Rs.98 per bottle an abatement of 65% on of 375 ml and Rs.50 per the declared MRP subject bottle of 180 ml size but to a minimum of Rs.80 less than Rs.231 per per bottle of 750 ml or bottle of 750 ml, Rs.116 equivalent quantity. per bottle of 375 ml and

Rs.61 per bottle of 180 ml size.

**(c) Luxury Brand**

For MRP equal to or 0.84 times of the more than Rs.231 per assessed value bottle of 750 ml, Rs.116 ascertained by applying per bottle of 375 ml and an abatement of 65% on Rs.61 per bottle of 180 ml the declared MRP subject size but less than Rs.316 to a minimum of Rs.90 per bottle of 750 ml, per bottle of 750 ml or Rs.161 per bottle of 375 equivalent quantity. ml and Rs.81 per bottle of 180 ml size

**(d) Premium Brand**

For MRP equal to or 0.61 times of the more than Rs.316 per assessed value bottle of 750 ml, Rs.161 ascertained by applying per bottle of 375 ml and an abatement of 65% on Rs.81 per bottle of 180 ml the declared MRP subject size but less than to a minimum of Rs.1001 per bottle of 750 Rs.141.50 per bottle of ml, Rs.501 per bottle of 750 ml or equivalent 375 ml and Rs.251 per quantity. bottle of 180 ml size

**(e) Classic Premium Brand** 0.40 times of the assessed value

For MRP equal to or ascertained by applying more than Rs.1001 per an abatement of 65% on bottle of 750 ml, Rs.501 the declared MRP subject per bottle of to a minimum of Rs.300 375 ml and Rs.251 per bottle of 750 ml per or equivalent quantity. bottle of 180 ml size.

**(f) Cheap Brand** 0.62 times of the assessed  
Containing alcohol 50<sup>0</sup> UP. value ascertained by  
applying an abatement of  
65% on the declared  
MRP subject to a  
minimum of Rs.24 per  
bottle of 750 ml or  
equivalent quantity.

**(g) Ready to**  
Drink Alcoholic 0.40 times of the  
Beverages assessed value  
ascertained by applying  
an abatement of 65% on  
the declared MRP subject  
to a minimum of Rs.10.60  
per bottle of 275 ml or  
equivalent quantity.

### **3. Wines**

0.13 times of the  
assessed value  
ascertained by applying  
an abatement of 65% on  
the declared MRP subject  
to a minimum of Rs.34.70  
per bottle of 750  
ml or equivalent quantity.

**II. Excise duty on IMFL for consumption of Defence and para military forces:** The Excise duty on Rum and other IMFL manufactured in India and obtained by canteens of Indian Army and INDIA Rifles units or Para Military Forces shall be levied at the following rates:

**EXCISE DUTY RATES FOR MCT LICENCES**

SL. NO.	KIND OF LIQUOR	BRAND	EXCISE DUTY	GALLONAGE FEE
1	BEER:	Up to 5%	Rs. 39/ case	Re. 1/ BL
		Above 5%	Rs.62.40/ case	
2	IMFL	General :	Rs.280.98/ case	Rs.2/ BL
		Regular:	Rs. 357.94/ case	
		Luxury:	Rs. 429.10/ case	
		Premium:	Rs. 758.56/ case	
		Classic premium:	Rs. 1657.50/case	
3	CONC. RUM		Rs. 81/ case	Rs.1.84/ BL
4	WINE	Less than 42%	Rs. 45/case	Rs. 2/ case
		More than 42%	Rs. 180/ case	

III. A holder of a licence mentioned in column two of the following table shall pay in advance an annual licence fee mentioned in column four thereof:

**LICENCE FEE:**

SL. NO.	KIND OF LICENCE	PRODUCTION CAPACITY	RATE OF LICENCE FEE
1	2	3	4
1	Distillery licence	Upto 30 lakh LPL per annum	Rs.20,00,000.00 per annum.
2		From 30 lakh to 60 lakh LPL per annum	Rs.40,00,000.00 per annum.
3		Above 60 lakh LPL per annum	Rs.50,00,000.00 per annum.
4	Brewery licence	Upto 80 lakh BL per annum	Rs.20,00,000.00 & Bottling fee Rs.3,00,000.00 per annum.
5		Above 80 lakh BL per annum	Rs.30,00,000.00 & Bottling fee Rs.4,00,000.00 per annum.
6	IMFL Compounding & Blending		Rs.3,00,000.00 per annum.
7	Reduction & Bottling	Upto 30 lakh LPL per annum	Rs.3,00,000.00 per annum.
8	Additional bottling fee	Each case in excess of 30 lakh LPL	Rs.15.00 per case of 750 ml or equivalent quantity.
9	IMFL Bonded warehouse	Bond limit upto Rs.50 lakh	Rs.4,50,000.00 per annum.
10		Bond limit from 50 lakh and one to 1 crore	Rs.7,50,000.00 per annum.

11		Bond limit 1 crore and one and above	Rs.10,00,000.00 per annum.
12	IMFL Wholesale		Rs.5,00,000.00 per annum.
13	IMFL 'OFF'		Rs.3,00,000.00 per annum.
14	Beer 'OFF'		Rs.1,00,000.00 per annum.
15	IMFL 'ON' 5* and above		Rs.4,00,000.00 per annum.
15	IMFL 'ON' 2* and above but below 5*		Rs.2,00,000.00 per annum.
16	IMFL 'ON' in hotels		Rs.2,50,000.00 per annum.
17	Beer bar		Rs.1,50,000.00 per annum.
18	IMFL 'ON' Restaurant		Rs.2,50,000.00 per annum.
19	Microbrewery in IMFL 'ON' hotels or IMFL 'ON' restaurant licenced premises only		Rs.5,00,000.00 per annum.
20	Club 'ON'		Rs.1,00,000.00 per annum.
21	Temporary bar		Rs.10,000.00 per day.
22	Late closing licence granted to licensed hotels and restaurants including bars attached thereto	(i) For a hotel duly classified by the Tourism Department as 5 (five) star and above, for consumption "ON" the premises	Rs.3,00,000.00 per annum.
		(ii) For a hotel duly classified by the Tourism Department as 2 (two) star and above, but below 5 (five) star, for consumption "ON" the premises:	Rs.1,50,000.00 per annum.
		(iii) For other hotels for consumption "ON" the premises	Rs.75,000.00 per annum.
23	Licence for the retail vend of foreign liquor at a Military Canteen established under the canteen tenant system	(i) When the licence is for supply of liquor to a Regiment	Rs.10,000.00 per annum.
		(ii) When the licence is for supply of liquor to smaller unit	Rs.7,000.00 per annum.

**IV. Kinds of Foreign Liquor.** Different kinds of foreign liquor are listed below:

1. Beer (a) containing alcohol upto 5%  
(b) containing alcohol above 5%
2. India made foreign liquor – such as Whisky, brandy, rum, gin etc.
3. (a) Wine containing not more than 42% proof spirit.  
(b) wine containing more than 42% proof spirit.
4. Foreign liquor blended, matured, compounded, sophisticated outside India but bottled in India -  
(a) Whisky, brandy, rum, vodka, gin etc.  
(b) Wine.



5. Rectified spirit and absolute alcohol when obtained -
  - (a) for the manufacture of medicinal and toilet preparations unless exempted by special order of the State Government.
  - (b) for scientific purpose unless exempted by special order of the State Government.
  - (c) for any other purpose other than above.
  - (d) when the spirit to be used for any of the purposes mentioned in (a), (b) and (c) above is lost, wasted, or is used otherwise than for the purpose for which it was intended.
6. Spirituous and medicinal or toilet preparation.
7. Mritasanjibani, Mritasanjibani Sudha or Mritasanjibani Sura.
8. Tincture zingiberis.

Note : No excise duty is levied by the Government of INDIA on denatured spirit. **Explanation :** For the purposes of this rule the following preparations shall be deemed to be the medicinal preparations which may be used for other than medicinal purposes, namely;

I. ACETUMS

1. Acedum Odoratum, 2. Acidium Aceticum Aromaticum, 3. Acetum Lavandulae, 4. Acetum Rosae.

II. AQUAS

5. Aqua Amygdalarum Amararum, 6. Aqua Amygdalae Amarae, 7. Aqua Armatica, 8. Aqua Auranti Floris Concentrata, 9. Aqua Foeniculi Concentrata,
10. Aqua Juniperi concentrata, 11. Aqua Lavandulae, 12. Aqua Mellis, 13. Aqua Pimentae Concentrata, 14. Aqua Rose Concentrata.

III. ELIXIRS

15. Elixir Amygdalae Co., 16. Elixir Anisi, 17. Elixir Aromaticum, 18. Elixir Aurantii Amari, 19. Elixir Cardamomi Co., 20. Elixir Simplex.

IV. ESSENCES.

21. Essence Amygdalae Co., 22. Essence Amygdalae, 23. Essence Anethi, 24. Essence Anisi, 25. Essence Aurantii, 26. Essence Aromitica, 27. Essence Capsici, 28. Essence Cardomomi, 29. Essence Caryophylli, 30. Essence Crinalis,
31. Essence Lavandulae, 32. Essence Limoni, 33. Essence Mint, 34. Essence Moschi, 35. Essence Myristicae, 36. Essence Rosae Dulcis, 37. Essence Rosmarini, 38. Essence Santal Flay, 39. Essence Vanilla, 40. Essence Zingiberis Fort, 41. Essence Zingiberis Pro. Syr.

V. FLUID EXTRACTS.

42. Extractum Absinthii Liq, 43. Extractum Aurantii Liq., 44. Extractum Aurantii Amar Liq, 45. Extractum Rosae Liq, 46. Extractum Zingiberis.
- VI. GLYCERINUMS  
47. Glycerinum Aurantii, 48. Glycerinum Croci.
- VII. INFUSIONS (CONCENTRATED)  
49. Infusion Caryophylli Cone, 50. Infusion Limonis.
- VIII. LIQUORS (CONCENTRATED)  
51. Liquor Aurantii Pro. Syr., 52. Liquor Cocci, 53. Liquor Croci, 54. Liquor Limonis Pro. Syr., 55. Liquor Tinctorium.
- IX. LOTIONS (WASHES)  
56. Lotio Cantharidini, 57. Lotio Evaporans, 58. Lotio Olei Amygdalae Ammoniata, 59. Lotio Rosae.
- X. SPIRITS  
60. Spirits Absinthii, 61. Spiritus Amygdalae Amrae, 62. Spiritus Aromaticus, 63. Spirit Aurantii, 64. Spirit Aurantii Co., 65. Spiritus Cardamomi Co., 66. Spiritus Coloniensis, 67. Spiritus Coriandri, 68. Spiritus Lavandulae, 69. Spiritus Lavandulae, 70. Spiritus Limonis, 71. Spiritus Myciae Co., 72. Spiritus Myristicae, 73. Spiritus Pimentae, 74. Spiritus Pulegii, 75. Spiritus Rosae.
- XI. SUCCUS  
76. Succus Cucumis, 77. Succus Limonis, 78. Succus Mori.
- XII. SYRUPS  
79. Syrups Aromaticus, 80. Syrups Cinnamomi.
- XIII. TINCTURES  
81. Tincture Aurantii, 82. Tincture Carui, 83. Tincture Cocci, 84. Tincture Coriandri, 85. Tincture Croci, 86. Tincture Limonis, 87. Tincture Limonis Cortex Siccatus, 88. Tincture Menthae Piperitae, 89. Tincture Orris Root, 90. Tincture Persionis, 91. Tincture Persionis Co., 92. Tincture Santali Citrini, 93. Tincture Santali Rubri, 94. Tincture Vanillae, 95. Tincture Vindla, 96. Vinum Absinthii.

19(b) **Security deposit** : In addition to annual and monthly fees, an advance deposit equivalent to licence fees shall be realized from the holders of licences for the retail sale of foreign liquor for consumption 'OFF' and 'ON' the premises except the licences for the sale of foreign liquor for consumption 'ON' the premises in a club, temporary and occasional licences and Military Canteen tenant licence as security deposit before the commencement of the licence for the due observance of the

conditions and terms of the licence. The security will be liable to be forfeited for violation of any condition of licence or of any provision of the Excise Acts and rules in addition to any other penalty prescribed by the provision of the INDIA Excise Act, 2000. If not forfeited the security deposit will be refunded towards the end of the year or may be transferred at his request to the next year.

20. **Payment of duty:** The wholesale licence holder of India made foreign liquor shall obtain necessary transport/ import pass from the Commissioner of Excise, INDIA on prepayment of *ad-valorem* levy at the prescribed rate for transport of liquor from the manufactory to wholesale premises. The payment should be made through treasury challan. The challan shall be prepared in quadruplicate. One copy will be kept by the treasury and the remaining three copies after completion in the treasury and bank will be presented by the licensee or his agent to the Superintendent of Excise in the district headquarter and the Deputy Superintendent of Excise in the Sub-divisional headquarter.
21. **Issue of pass :** If the treasury challans so received are found to be in order, the officer mentioned under Rule 20 above will forward such applications for issue of pass to the Commissioner of Excise, INDIA and endorse one copy of the challan stating that the duty and other fees on the quantity has been paid. The Commissioner of Excise, INDIA will send the permit so issued to the Officer-in- charge of the manufactory and keep the original copy in his office. The officer-in- charge will issue the liquor and retain in his office the copy of the challan with the endorsement and make over the other copy to the wholesale licensee or his agent.
22. **Procedure regarding transport of India made foreign liquor from wholesale vendor to retail sale vendor :** If a licence holder for retail sale of India made foreign liquor wants to obtain India made foreign liquor from the wholesale premises (duty paid) he shall be granted a transport pass in Miscellaneous Form-1 of the Miscellaneous series (General) by the Superintendent of Excise of the district or the Deputy Superintendent of Excise of the sub-division as the case may be.
23. **Procedure regarding transport of Overseas Foreign Liquor from customs warehouse to wholesale vendor:** If a licence holder for wholesale of India made foreign liquor wants to obtain Overseas Foreign Liquor from the Customs wholesale premises he may be granted a transport pass in Form-1 of Miscellaneous series

(General) on prepayment of *ad-valorem* levy and surcharge where applicable at the following rates:

SL. NO.	KIND OF BIO PRODUCT	<i>Ad-valorem</i> levy
1	Oversees Beer upto 5% alcohol per case of 7.8 BL	5% on Cost price subject to minimum of Rs.150/- per case.
2	Oversees Beer above 5% alcohol per case of 7.8 BL	10% on Cost price subject to minimum of Rs.190/- per case.
3	Oversees Foreign Liquor	10% on Cost price subject to minimum of Rs.4000/- per case.
4	Oversees Wine upto 42% proof spirit	10% on Cost price subject to minimum of Rs.420/- per case.
5	Oversees Wine above 42% proof spirit	15% on Cost price subject to minimum of Rs.880/- per case.

24. **Examination of consignment of India made foreign liquor:** On receipt of a consignment, the wholesale licensee shall at once notify its arrival to the Collector of the district where the licensed premises is located and shall not open the consignment until it has been examined by an officer of the Excise Department or unless the Collector has intimated that it will not be examined.

**(D) IMPORT, EXPORT AND TRANSPORT OF RECTIFIED SPIRIT, DENATURED SPIRIT AND ABSOLUTE ALCOHOL.**

25. **Import, export and transport of rectified and denatured spirit and absolute alcohol to be covered by a pass :** The import, export and transport respectively of rectified and denatured spirit and absolute alcohol manufactured in India shall except in cases mentioned below, where the indent or requisition duly countersigned or signed by the proper officer will be deemed to be a pass, be covered by a pass whatever the quantity, except that denatured spirit upto 5 bulk liters may be imported without a pass if for the private use of the importer and not for sale.

**EXEMPTIONS.**

- All Charitable hospital and dispensaries maintained by Government or by local authorities as defined in Section 4 (34) of the INDIA General Clauses Act, 1915, on a requisition countersigned by Chief Medical and Health Officer of the District;
- All Charitable and Mission hospital or dispensaries unless in any case the State Government shall otherwise declare on requisition countersigned by Chief Medical and Health Officer of the District;

- (c) Veterinary Surgeons/Assistant Surgeons and Veterinary Investigation Officer, INDIA, on requisition countersigned by the Superintendent or any other officer of the same status of the Civil Veterinary Department.
- (d) Educational Institutions, laboratories, firms and museums specified by the State Government or the Governor of INDIA, as the case may be, in this behalf, on a requisition signed by the Head of the institution, laboratory, firm or any other officer specified by the State Government.
- (e) Tea garden hospital and dispensaries in respect of spirit required for the treatment of lepers on a requisition bearing the countersignature of the Chief Medical and Health Officer of the district provided that tea garden authorities certify on the body of the requisition that lepers are not allowed to handle tea leaf or to work in the garden factory house; and
- (f) Chief Medical and Health Officer and Medical Officers-in-charge of Government Medical institutions may import and store such spirit or absolute alcohol required for the purposes of the institutions under their charge.

(Note : The cases falling under items (a) to (f) above are exempted from payment of duty for the import of rectified spirit and absolute alcohol and from the payment of pass fee for the import of denatured spirit).

26. **Persons eligible to import rectified spirit :** The only persons to whom passes for the import of rectified spirit (including absolute alcohol) can be issued are :

- I. (a) Chemists, druggists and other firm or persons approved by the Excise Commissioner holding licences for retail sale of such spirit for bonafied medicinal, industrial or scientific purposes;
- (b) Chemists, druggists holding permit from the Collector to obtain rectified spirit from a distillery or warehouse for the manufacture of medicines, chemicals or drugs;
- (c) Persons holding licences for compounding and blending of foreign liquor;
- (d) Persons holding licences for manufacture of perfumes and toilet preparations consisting of or containing alcohol;
- (e) Persons holding permit to obtain rectified spirit for scientific or industrial purposes; and
- (f) Homoeopathic Chemists or practitioners holding special permit to obtain rectified spirit from a distillery or warehouse for manufacture of homoeopathic medicines;

- II. **Permit for import of rectified spirit and absolute alcohol at concessional rate of duty** : Permit for the import of rectified spirit and absolute alcohol at concessional rate of duty for use in medicinal preparation or for scientific or industrial purposes shall be issued by the Collector after proper enquiries only to *bonafide* persons and firms for such quantity as may be considered necessary by the District Collector with the previous approval of the Excise Commissioner.

27. (a) **Passes for import of denatured spirit to be issued only to licence holder**

: Passes for import of denatured spirit shall be issued only to persons holding licences –

- (i) for wholesale or retail sale of denatured spirit.
- (ii) to possess denatured spirit in excess of the quantity fixed as the limit of retail sale.

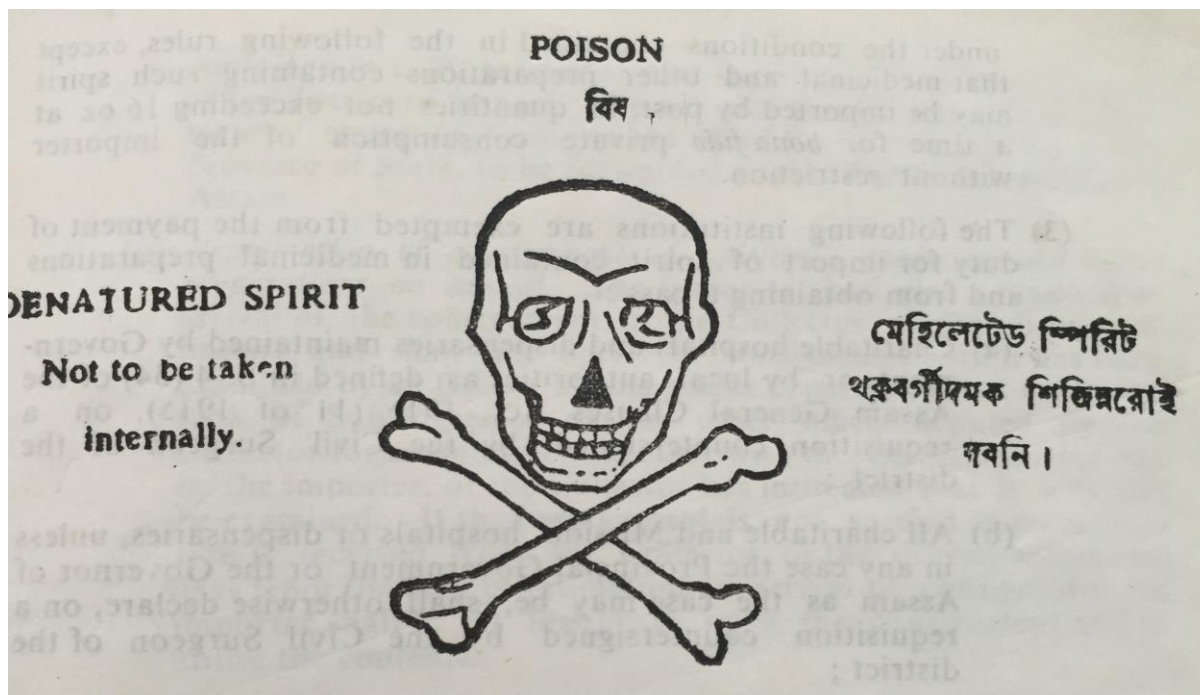
27. (b) **Fees for pass for import and transport of denatured spirit** : A pass fee at the rate as prescribed in rule 130(b) payable in advance shall be charged for services rendered for the issue of passes for import into INDIA of denatured spirit. The same rate of pass fee shall also be charged for the services rendered for issue of pass for transport of denatured spirit manufactured in INDIA.

Passes for the import of denatured spirit into INDIA shall be granted by the Collector of the district on prepayment by the importer of the pass fee prescribed in Rule 27(b).

28. **Precautions to be exercised in storing rectified or denatured spirit or absolute alcohol:**

- (i) The room in which rectified or denatured spirit or absolute alcohol is stored by vendors thereof, or by person, licensed to possess the same in large quantities, shall be built of un-inflammable materials and shall be well ventilated so as to prevent the accumulation of spirit fumes. Naked light or fire shall not be used or kept in such room. All receptacles containing such spirit shall be kept closed so as to prevent accumulation of spirit fumes in the room.
- (ii) All bottles, jars, drums or casks containing denatured spirit shall be legibly branded or labeled in red bearing picture of skull and cross bones with a warning "Poison-not to be taken internally" written in vernacular of the

district and also in English. The design and style of the label shall be as follows :



29. **Rules applicable to rectified spirit and absolute alcohol imported :** All rules regulating import of India made foreign liquor shall apply *mutatis mutandis* to rectified and denatured spirit and absolute alcohol imported into INDIA.

**E. IMPORT OF MEDICINAL OR TOILET PREPARATIONS AND PERFUMES CONTAINING INDIA MADE SPIRIT.**

30. **Import of Medicinal or toilet preparations or perfumes containing India made spirit prohibited except as provided by rules :** No medicinal or toilet preparations or perfumes containing spirit manufactured in India shall be imported into INDIA except in accordance with the procedure hereinafter prescribed:
- (1) Medicinal and other preparations containing rectified spirit imported from overseas countries are exempted from the provisions of these rules relating to import, export, transport, possession and sale provided that the customs duty at the rates prescribed has been paid;
  - (2) The medicinal and other similar preparations containing rectified spirit manufactured in India are exempted from the operation of the rules relating to transport, possession and sale if that have been issued from a bonded distillery, bonded laboratory or bonded factory in India and if the issues have been made under the authority of a pass granted by the Excise Officer-in-

charge of such bonded distillery, laboratory or factory under the conditions contained in the following rules, except that medicinal and other preparations containing such spirit being imported by post, the quantities not exceeding 500 ml at a time for bonafide private consumption of the importer without restriction;

- (3) The following institutions are exempted from the payment of duty for import of spirit contained in medicinal preparations and from obtaining a pass:
- (i) All Charitable hospitals and dispensaries maintained by Government or by local authorities as defined in Section 4 (34) of the INDIA General Clauses Act, 1915, as amended up-to-date on a requisition countersigned by Chief Medical and Health Officer of the District;
  - (ii) All Charitable and Mission hospitals or dispensaries unless in any case the State Government shall otherwise declare on requisition countersigned by Chief Medical and Health Officer of the District;
  - (iii) Veterinary Surgeons on a requisition countersigned by the District Veterinary Officer.
  - (iv) The Health and Family Welfare Department on a requisition countersigned by District Medical and Health Officer in respect of the departmental requirement of the district under his charge.

31. **Import of spirituous or medicinal and toilet preparation on prepayment of duty in INDIA:** Import may be made on prepayment of duty in INDIA, on special application to the Excise Commissioner, INDIA, and in accordance with such condition as he may direct.

32. **Examination of consignment of spirituous medicinal and toilet preparation on arrival:** The importer shall give intimation of the arrival of the consignment to the Collector of the district of import and shall not open the consignment until it has been examined by an officer of the Excise Department not below the rank of Inspector or any other officer deputed by the Collector for examination together with the export pass received by the importer or the Collector has intimated that it will not be examined. If the consignment is not verified or no information is received from the Collector of the district within two days from the date of intimation of arrival of consignment, the importer shall be at liberty to open the consignment and to utilize the contents.



33. **Duty on excess quantity to be realized from importer :** The importer of medicinal or toilet preparations or perfumes containing India made spirit shall pay duty at the rate in force, on any quantity found excess of that on which duty has been paid in the district of import.
34. **Samples of medicinal or toilet preparations for analysis :** The Excise Commissioner may direct that sample of medicinal or toilet preparations or perfume imported under these rules be taken free of cost for the purpose of analysis.

### **EXPORT**

#### **(F) EXPORT OF INDIA MADE FOREIGN LIQUOR, RECTIFIED SPIRIT, DENATURED SPIRIT AND SPIRITUOUS PREPARATIONS MANUFACTURED IN INDIA.**

35. (a) **Export of India made foreign liquor etc. to other States of India:** No India made foreign liquor, rectified spirit, denatured spirit and spirituous preparations manufactured in any distillery, brewery or manufactory in INDIA shall be exported to any other State unless the duty, if any, payable under Chapter-V of the INDIA Excise Act, 2000 has been paid OR a security has been submitted to the Commissioner of Excise, INDIA which shall be equivalent to the duty involved. The security may be in the form of bank guarantee or interest bearing security pledged to the Govt. The same may be released by the Commissioner of Excise, INDIA on receipt of verification certificate on arrival of the consignment in the importing state.
- (b) **Payment of Export Pass fees:** An export pass fee at the rate of Rs.50.00 per case of 750 ml or equivalent quantity shall be levied on India made foreign liquor/beer, manufactured in the State of INDIA for issue of export passes.
36. **Export pass :** India made foreign liquor, beer, rectified spirit, denatured spirit and spirituous preparation manufactured in any distillery, brewery or manufactory in INDIA may be exported to any other State of India under cover of an export pass.
37. **Export of India made foreign liquor by Canteen Stores Department :** No export shall be made from any Canteen Stores Depot located in INDIA to any other part of India.
38. **Procedure for Export of India made foreign liquor, rectified spirit and denatured spirit :** Any persons holding a stock of India made foreign liquor, beer, rectified spirit or denatured spirit at a distillery, brewery or a manufactory in any district in INDIA

and desiring to export the same to any other State of India shall present an application in prescribed form for an export pass to the Collector of the district of export with an import permit authorizing the import signed by the Collector or any other officer duly authorized in this behalf of the State of import, specifying the duty chargeable of the India made foreign liquor and rectified spirit.

39. **Grant of export pass :** (a) In the absence of any objection, the Collector after satisfying himself that the proper duty has been paid or a security has been submitted as per rule 35(a) of these Rules, shall forward the application of export pass to the Excise Commissioner, INDIA who will grant the pass as per provision of the INDIA Excise Act. The export pass shall be in quadruplicate in Form-1 of Miscellaneous series (General).

Provided that the product/brand of liquor should clearly contain the words "NOT FOR SALE IN INDIA" on the label in absence of which no export pass shall be granted.

(b) **Procedure for dealing with export pass :** The original copy shall be retained by the office of issue. The duplicate copy shall be handed over to the person to whom the pass has been granted to accompany the consignment and the triplicate copy to the officer-in-charge of the distillery, brewery or the manufactory wherefrom the quantity is to be issued. The Excise Officer-in-charge of distillery, brewery or manufactory who shall issue the quantity as specified in the export pass shall submit to the Excise Commissioner, INDIA, at the end of each quarter, a report together with the quarterly statement of export prescribed in Rule 42 below. The quadruplicate copy shall be sent to the Collector or any other officer as may be authorized in this behalf at the district or place of import.

40. **Exemption from the payment of duty on export of rectified spirit :** No excise duty shall, however, be payable on rectified spirit supplied from bond to Government institutions and municipal hospitals and dispensaries, educational institutions and such private medical institutions as are conducted on charitable lines in other States which are certified on the indent by the Chief Medical and Health Officers of the district of import or any other officer empowered in this behalf by the Government of the State concerned as being entitled to the supply free of duty. The indent or requisition duly signed or countersigned by such officer shall be deemed to be an import permit and no separate import permit shall be necessary.
41. **Return of export pass:** Within a reasonable time to be fixed by the Excise Officer-in-charge of the distillery, brewery or the manufactory and specified on the export

pass, the importer shall return the export pass to the Excise Officer-in-charge of the distillery, brewery or the manufactory from which the spirits exported signed by the Collector or other officer specially appointed in this behalf of the importing district certifying the due arrival or otherwise of the spirit at its destination. On receipt of such verification, the security may be released by the Excise Commissioner.

42. **Submission of quarterly statement of India made foreign liquor exported to other States:** The Excise Officer-in-charge of the distillery, brewery or the manufactory shall submit in duplicate to the Excise Commissioner, INDIA through the Collector of the district of export, a quarterly statement at the end of each quarter in such form as may be prescribed by the Excise Commissioner, showing for the quarter concerned all exports of India made foreign liquor and rectified spirits to other States.
43. **Procedure for export of spirituous preparations:** The procedure as laid down under Rules 35, 36, 37, 38 and 39 above shall apply for export of spirituous preparations.
- Provided that no export pass shall be necessary for the export by post to private persons of not more than 500 ml. at any time of duty paid spirituous medicinal and toilet preparations and perfumery which are meant for *bonafide* private consumption and not for sale.
44. **Submission of quarterly statement of spirituous preparations:** At the close of each quarter the Excise Officer-in-charge of distillery, brewery or the manufactory shall submit in duplicate through the Collector of the district of export to the Excise Commissioner, INDIA, a quarterly statement, in such form as may be prescribed by the Excise Commissioner, showing for the quarter concerned, all exports of spirituous preparations exported to other states.
45. **Accounts of export:** Accounts of all exports of India made foreign spirit, India made rectified spirit, denatured spirit and spirituous preparations shall be kept by the Officer-in-charge of the distillery, brewery or the manufactory in the form prescribed by the Excise Commissioner.
46. **Transport of spirituous, medicinal and other preparations:**
- (i) The transport, within the state, of spirituous, medicinal, toilet or other preparations from one place to another except from a distillery or a bonded warehouse, may be made without any restriction.

- (ii) The transport of India made foreign spirits, rectified spirits, denatured spirits and spirituous preparation manufactured at a distillery, brewery or manufactory shall be governed by rules relating to issues from distillery, brewery or the manufactory.
47. **Possession and sale of spirituous medicinal and other preparations :**  
Any person may possess or sell medicinal or toilet or other preparations containing India made spirit without any excise restriction.
- (G) **COMPOUNDING, BLENDING, REDUCING AND BOTTLING OF FOREIGN LIQUOR OTHER THAN WINES AND FERMENTED LIQUORS.**
48. **Definition of compounding, blending, reducing, bottling and foreign liquor manufactory:**
- (i) Compounding, blending and reduction are defined in Rule 1-A of these rules.
  - (ii) Bottling or to bottle is defined in Section 2 (b) of the Act.
  - (iii) Foreign liquor manufactory: It is defined in rule 1-A(xxxv) of these Rules.
49. **Restriction in compounding, blending, reducing and bottling potable foreign liquor**  
: Potable foreign liquor other than wines and fermented liquor shall not be –
- (a) compounded, blended or reduced, or
  - (b) bottled except under a licence granted in this behalf by the Excise Commissioner.
50. **Grant of compounding etc. licence to Bonded Warehouse licence holder**  
: Licences under Rule 49 (a) and (b) above shall not be granted except to persons holding a Bonded warehouse licence for the storage of foreign liquor.
51. **Application for grant of a compounding, blending, reducing and bottling licence** : Application for the grant of licence for compounding, blending, reducing and bottling of foreign liquor shall be addressed to the Commissioner of Excise and shall also be accompanied by –
- i. a description of the site and plan of the building in triplicate in which the manufactory operations is proposed to be established by the applicant specifying

- the number, size and description of the plant and apparatus, proposed to be installed therein;
- ii. an authorization from local authority concerned that there is no objection for the construction and working of the manufactory on the proposed site and in the buildings shown in the plan, and
  - iii. the maximum number of days in a week or month for which the operation (s) will be carried on.
  - iv. application fee as prescribed in rule 113 of these Rules.

**52. Conditions for grant of licence :**

No licence shall be granted unless :-

- (a) prior sanction of the Government is obtained for the issue of a licence by the Commissioner of Excise.
- (b) the applicant deposits as security for the fulfilment of all the conditions of the licence such sum as may be fixed from time to time by the State Government.
- (c) the applicant satisfies the Commissioner of Excise that the proposed building, plant and apparatus to be used in connection with storing, blending, compounding, bottling and issuing of spirits are built in accordance with the relevant regulations applicable thereto and that due precaution has been taken against the fire.

**53. Grant of licence :**

- (i) When the Excise Commissioner, on enquiry, is satisfied that the applicant fulfils the conditions specified, he may grant the licence to the applicant.
- (ii) Every licence granted under these rules shall be in prescribed form and for a period of one year and shall be issued in the name of the applicant and shall not be transferable.

**54. Payment of licence fee and permit fee.**

- (i) The licensee shall pay the annual licence fee as prescribed in the Table contained in rule 19 (a) (III) (i) of this Rules for each licence in advance before a licence is issued and it shall not be refundable under any circumstances. The licence fee shall be charged from the year during which the sanction is accorded.
- (ii) he holder of a licence granted under sub-rule (i) above shall pay a permit fee at the following rates for the spirit including Extra Neutral Alcohol (ENA), rectified spirit (RS), Malt spirit and all excisable substances brought to the

manufactory for the manufacture of foreign liquor at the time of issue of permit i.e. in advance:

SL. NO.	KIND OF PASS	RATE OF FEE
1	2	3
1	Import Permit fee on ENA/ Rectified Spirit	Rs.10.00 per BL.
2	Transport permit fee on ENA/ Rectified Spirit	Rs.2.00 per BL.
3	Import of all excisable substances for manufacture of IMFL	Re.1.00 per BL.
4	Export of ENA	Rs.6.00 per BL
5	Export of all excisable substances including Rectified spirit used for manufacture of IMFL	Rs.4.00 per BL

55. **Report on the completion of building :** The licensee shall within three months from the date of grant of licence report to the Commissioner of Excise the date on which the construction of the building and installation of the plant and machinery is completed and the date from which its working will be started.
56. **Commencement of working of the manufactory:** The manufactory shall not start working unless the buildings constructed and the plant and apparatus installed are inspected by the Commissioner of Excise or his nominee and a written permission is issued therefor, before the expiry of the period of three months from the date of grant of licence.
57. **Failure to complete the construction and commencement of work:** If the licensee fails to complete the construction of the building as per the plan and to start the working of the manufactory within the period of three months from the date of grant of licence, the licence granted shall be liable for cancellation without compensation for any damage or loss:
- Provided that if the Commissioner of Excise is satisfied that there is sufficient reasons for not installing the plant and machinery and for not commencing the working of the manufactory within that period, he may, for reasons to be recorded in writing, extend the said period by such further period or periods, not exceeding one year, in the aggregate as he may deem fit.
58. **Furnishing of security for the IMFL manufactured :** The licensee before commencing the working of the manufactory, furnish security to the satisfaction of the Commissioner of Excise in the form of a bank guarantee from any scheduled or nationalized bank or in a such other form as the Commissioner of Excise may specify,

for a sum as may be fixed by the Government from time to time and also furnish thereafter such additional security, from time to time as may be required with reference to the increase, if any, in the monthly production of the IMFL.

Note : IMFL means India Made Foreign Liquor.

59. **Furnishing of duplicate copies of the plant manufactory etc. to the Excise Superintendent:** Where the licence is granted the licensee shall furnish a duplicate copy of the description of the plant/manufactory and apparatus together with such other documents as approved by the Commissioner of Excise to the Excise Superintendent concerned for record in his office.
60. **Alterations to be made with permissions :** No alterations in or additions to the building in which the manufactory is established or the plant or apparatus installed for working therein shall be made without the prior permission of the Commissioner of Excise. But the manufactory officer-in-charge may permit minor alterations to be made in such building, plant or apparatus subject to the final approval of the Commissioner of Excise.
61. **Renewal of the Licence :** Subject to the provisions contained in rule 128 of this Rules, every licence may be renewed annually by the Excise Commissioner with the previous sanction of the State Government on payment of annual licence fees and if there is nothing adverse against the licensee on record.
62. **Hypothecation of manufactory prohibited:** The licensee shall not hypothecate the whole or any part of the manufactory without the previous sanction of the Commissioner of Excise in writing.
63. **Affixing of Court fee stamp on application for licence or its renewal :** Every application for the grant of licence or renewal of the licence shall bear a court fee stamp of the value of Rs.24.75 or any other value which may be specified by the Government from time to time.
64. **Inspection of manufactory:** The licensee shall be bound to allow at any time, any excise officer duly empowered in that behalf to inspect the manufactory or the warehouse connected therewith and to examine the spirit stored therein and shall afford to the said officer all assistance in making such inspection or examination.

65. **Posting of officer-in-charge and other staff to the manufactory:** The State Government or the Commissioner of Excise, as the case may be, shall make the required officer-in-charge and other staff available at the manufactory or warehouse or distillery or brewery etc. for supervision of works. The licensee shall pay to the State Government at the end of each calendar month an establishment charge for making the services of excise personnel available at the rate as may be fixed by the Government from time to time. The cost of establishment shall include pay and allowances, if any, as well as leave salary and pension contribution.
66. **Provision of accommodation for the supervisory staff:** The licensee shall provide suitable rent free quarters to the satisfaction of the Excise Commissioner for the excise staff posted at the manufactory in close proximity to the premises or at such nearby place of the manufactory. He shall also supply such office with such furniture as may be required for the use of the officer within the manufactory.
67. **Compounding, blending etc. of potable foreign liquor :** Potable foreign liquor other than wines and fermented liquors shall not be compounded, blended, reduced or bottled except in presence of an excise officer and in a bonded foreign liquor warehouse or in the case of liquor, on which the requisite duty and fee/fees have been paid, in a godown approved by the Excise Commissioner.
68. **Taking of samples for analysis:** The licensee shall permit samples of spirits used or IMFL/Beer etc manufactured in the manufactory to be taken for analysis by the Excise Superintendent or by the officer-in-charge before issue of the products.
69. **Assistance to officer-in-charge to be given:** The licensee shall afford all reasonable assistance to the officer-in-charge in carrying out his duties. The warehouse or godown as well as each of the rooms and compartments therein shall remain under double locks and keys of the licensee and the excise officer-in-charge.
70. **Requisition for excise officer to supervise operation:** For each day's operation (s) a 72 hours previous notice (exclusive of Sunday and other holidays) shall be given to the Collector if there be not a whole time excise officer attached to the warehouse or godown or manufactory.



71. **Search of persons leaving the manufactory:** Every person shall, while leaving the manufactory, be liable to be searched under the order of the officer-in-charge.
72. (i) **Prohibition for issue of foreign liquor on holidays and dry days :** The licensee shall not issue foreign liquor from the manufactory on Sundays and other Public Holidays and in any other days between 8 P.M. to 6 A.M. without the permission of the Excise Superintendent concerned.
- (ii) **Prohibition of closure of manufactory on working days:** The manufactory shall not be kept closed and issues shall not be refused on any working day except during the days and hours specified in Sub-rule (i) above without the written permission of Excise Superintendent concerned.
- (iii) **Permission to be obtained for working beyond normal working hours and on holidays:** When a licensee intends to work the manufactory during any period specified for closure under sub-rule (i) above, he shall give prior notice to the officer- in-charge in that behalf and also obtain the written permission of the Excise Superintendent concerned.
73. **Smoking and Naked lights prohibited:** Smoking and naked light of any description is prohibited within the manufactory.
74. **Foreign liquor to be issued in the presence of the officer-in-charge:** Foreign liquor shall be issued from the manufactory only in the presence of the officer-in-charge.
75. **Spirit to be obtained by the licensee himself :** If the licensee requires spirit for use in the manufactory for blending it into foreign liquor, he may transport the same from any distillery of his choice after taking the necessary permit from the Commissioner of Excise.
76. **Verification of spirit received at the warehouse:** As soon as spirit is received from the distillery at the warehouse, the quantity of spirit transported shall be verified by the officer-in-charge and verification report shall be sent to the concerned authority. The licensee shall be responsible to account for the variation, if any, in transporting the spirit from the distillery to the warehouse.

77. **State Government not responsible for loss of spirit in warehouse or godown or manufactory:** The State Government shall not be responsible for any loss or damage by theft, fire or any other cause whatsoever occurring to any spirit in the warehouse or godown or licensed premises.
78. **All plant and machinery and storage to be within the manufactory:** All buildings, plant and machinery used for the storage of spirit and manufacture or storage of foreign liquor shall be situated within the manufactory premises and no other business except that of storage, manufacture and issue of foreign liquor shall be carried on the premises.
79. **Manufactory premises to be protected:** Manufactory premises shall be protected by a compound wall with sufficient protection to prevent undue access from outside into manufactory premises.
80. **Building, plant and machinery to be maintained properly:** Buildings, plant and machinery specified in the licence shall be maintained properly and cleanly to the satisfaction of the Commissioner of Excise or his nominee.
81. **Blending of duty paid imported foreign liquor with India made spirit:** Foreign liquor on which custom duty has been paid may be used for blending with India made spirit in a manufactory. In such case, the liquor shall be stored separately and shall not be used until the proportion in which it is to be added has been approved by the Collector.
82. **Containers for spirit and foreign liquor should be kept clean:** All the containers for storing, blending or maturing the spirit or foreign liquor shall be kept clean and free from dust and other impurities.
83. **Blending of spirit into foreign liquor, its storage and issue:**
- (a) Spirit shall be blended into foreign liquor only by mechanical means taking care to see that no impurities are added to it.
  - (b) Foreign liquor after blending shall be matured in such fashion and for such period as stipulated before it is issued.
  - (c) All the pipes conveying spirit of foreign liquor shall be fixed at a sufficient height. All the flanges on these pipes shall be kept in sealed position with lead seals.

- (d) All the manholes and cocks and other opening of store vessels and spirit vats shall be closed and fixed with locks.
  - (e) The licensee shall provide for use or measuring spirit or foreign liquor in the manufactory at the time of issue, such measures, gauges, weighing machines or other appliances as the Commissioner of Excise may direct him to provide.
  - (f) No whisky, brandy and rum shall be blended at a strength other than 25<sup>0</sup> U.P. and 50<sup>0</sup> U.P. and gin at a strength other than 35<sup>0</sup> U.P.
  - (g) Foreign liquor shall be coloured or flavoured as per specification issued by the Excise Commissioner. No such substance shall be used by the licensee unless the chemical examiner or any other officer appointed by the State Government has examined a sample thereof and approved the same as suitable for compounding.
84. **Payment of fees for chemical analysis:** The licensee shall pay the fees as may be prescribed by the State Government from time to time for the samples for chemical analysis to the Chemical Examiner (Excise), INDIA.
85. **Power of the Commissioner to stop working of the manufactory:** Where the Commissioner of Excise is not satisfied with the maintenance of the building, plant or machinery including measures and other appliances, he may require the licensee to stop working the manufactory within a week, from the date of communication of the notice to that effect.
86. **Power of the Commissioner to direct replacement of defective apparatus:** Where any vat, pipe or other part of the plant, is at any time found to be defective or leaky and the Commissioner of Excise may order the discontinuance of its use and the licensee shall not use it unless it has been repaired to the satisfaction of the Commissioner of Excise or his nominee.
87. **Conveying pipe etc. to be leak proof:** The licensee shall so arrange his vats and mixtures that the spirit is conveyed through closed pipes from the vats into the mixtures and from the mixtures into the store vats and he shall be responsible for preventing any leakage from these pipes and for arranging facility to examine the spirit conveyed through the pipes throughout the entire length.

88. **Strength and quantity to be ascertained prior to compounding, blending, reducing or bottling foreign liquor:** Foreign liquor shall not be compounded, blended or reduced or bottled before an account of its strength and quantity has been taken by the Excise officer-in-charge of the warehouse or godown or manufactory. The whole of the contents of a cask, where casks are used shall be bottled in one operation. As soon as the bottling is over the officer-in-charge shall ascertain the quantity bottled and shall make his accounts showing sullage and wastage separately.
89. **Blending of foreign liquor :**
- (a) Before receiving or draining spirit from the vat in store, the spirit contained in the vat shall be tested for its quality and strength by the officer-in-charge. Blending of spirit into foreign liquor shall be done in the presence of the officer-in-charge during the whole process of taking measured quantity of spirit from vat and adding water and blending. The quantity of spirit taken, water added and the strength and quantity of foreign liquor finally produced shall be determined accurately by the officer-in-charge and recorded.
  - (b) Water used for blending and reducing shall be pure and potable water, fit for human consumption. It shall be got analyzed by the licensee at least once in a quarter by the Chemical Examiner (Excise) and declared fit for human consumption. The licensee shall undertake such process as the Commissioner of Excise may deem necessary to specify from time to time for treating water properly and making it fit for human consumption.
90. **Storage of foreign liquor before issue :**
- (a) Foreign liquor shall be properly filtered and shall be free from all impurities before issue.
  - (b) The licensee shall provide vats for storing foreign liquor having an aggregate capacity equal to at least one quarter of maximum quantity issued in any month during the previous year and where no such storage capacity is available it shall be determined by the Commissioner of Excise.
  - (c) No blending or reduction of plain spirit shall be done in the store vat except in the presence and under the supervision of the officer-in-charge.
91. **Issue of foreign liquor:** Foreign liquor shall be issued to the licence holder only and in the presence of the officer-in-charge.

**Pass is necessary for removal of liquor:** The licensee shall remove all bottled liquor from the manufactory or bonded warehouse within 3 months after it is bottled. No liquor shall be removed from a warehouse or manufactory except under a pass granted by the Excise Commissioner.

92. **Cleaning and sterilizing of bottles:** The bottles to be used for bottling the foreign liquor shall be cleansed and washed first with a solution of potassium permanganate and then with pure water. They shall finally be revised with a quantity of liquor to be bottled.

93. **Bottling of foreign liquor :**

- (a) Operation connected with the filling up of bottles with foreign liquor shall be conducted under the supervision of the officer-in-charge in a separate room called the bottling room set apart for this purpose within the manufactory premises and near the spirit store.
- (b) Bottled foreign liquor shall be stored in the bonded warehouse of the manufactory within the manufactory premises near the bottling room. The bottling room and the bonded warehouse shall be secured in such manner as the Commissioner of Excise may approve. In the bottling room, vats shall be erected and the spirits for bottling shall be stored therein.
- (c) Bottles of such capacity as may be approved by the Commissioner of Excise shall alone be used.
- (d) Every bottle shall bear such specifications etched on the glass and the mouth of every bottle shall be closed and sealed in such manner as may be specified by the Commissioner of Excise.
- (e) The capsule and label used and the inscriptions thereon shall be as per the written instructions of the Commissioner of Excise from time to time.

94. **Maintenance of accounts:** The licensee shall maintain accounts correctly in such form as may be prescribed by Excise Commissioner. The account shall remain in the custody of the Excise officer-in-charge for checking them at the end of each day's work viz.

- (i) For the spirit received in the spirit store and issued.
- (ii) For all the foreign liquor manufactured and issued.
- (iii) For the foreign liquor issued for bottling and bottled.
- (iv) For all the bottles filled with foreign liquor.
- (v) For all colouring and flavouring substances.

95. **Excise duty payable on wastage:** The licensee shall account for the spirit received by him for manufacture of foreign liquor as and when imported or transported. As the strength of spirit is obscured in the process of compounding, only the original strength of spirit shall be taken into account for charging duty. No wastage shall be allowed in compounding or filtering. But an allowance of not more than 0.25 *per cent* shall be allowed for loss in blending and an allowance of not more than 0.25 *per cent* shall be allowed for loss in bottling. Wastage shall be calculated on the quantity and not on any loss of strength that may occur. Any deficiency in excess of the allowable limit shall be charged with duty at the rate applicable for the products, the manufactory is authorized to manufacture.
96. **Measurement of foreign liquor:**
- (a) Foreign liquor to be issued may be measured in terms of approved measures or by weighment. In case a gauging machine is used, the officer-in-charge shall check for its correctness with the standard measure certified by the Legal Metrology department.
  - (b) The licensee shall be responsible for securing the bungs or other openings of all casks and vessels filled and for preparing them for issue or if they are to be packed, for preparing the packages and getting them sealed by the officer-in-charge in such way that they cannot be opened without damaging the seal.
  - (c) The officer-in-charge wherever necessary shall weigh the empty casks and the casks filled with spirit and record the weights in a register. If the check by weighment shows any excess or deficiency of more than two litres of liquor, the same should be re-measured.
97. **Removal of spirit or foreign liquor:** No spirit or foreign liquor manufactured or stored shall be removed except in accordance with the provisions of these Rules and unless the ad-valorem levy payable thereon is paid in full. No potable foreign liquor in bottles or other packages can be removed from a manufactory without payment of duty.
98. **Bottles to be corked, capsuled, labeled and stored immediately after filling :** Immediately after the bottles have been filled up they shall be corked, capsuled and labeled and removed to the store room for bottled liquor. A distinctive serial number to be known as the batch number shall be assigned to each bottling operation and

the number shall be noted on the label. The capsule, if it is metallic, shall be firmly fixed in position by a capsuling machine or any other suitable appliances. If on paper, it shall be gummed over the cork and the neck of the bottle. The capsule shall have inscriptions showing only the name of the manufacturer or the brand or both.

99. **Particulars to be shown on labels :** (a) All bottles containing liquor compounded or blended in India for sale must be labeled as having been so compounded or blended in India and labels must specify the nature of the liquor contained therein, i.e. whether it is whisky, brandy, gin or rum, the name of the district where it is bottled and the country of origin and the strength of the liquor. (b) The Foreign liquor to be sold should contain the statutory warning and invariably printed in the label of each bottle.
1. (a) "Consumption of liquor is injurious to health"
  - (b) **INDIAESE TYPING TO BE TYPED HERE.**
  - (c) "Not for sale to persons below 21 years of age"
  - (d) "For sale in INDIA only" for the foreign liquor for sale in INDIA, and
2. (a) "Consumption of liquor is injurious to health".
- (b) "Not for sale in INDIA" for the foreign liquor to be exported.
100. (i) **Packing of bottles. Bottles shall be packed as soon as bottling operation is completed :** Each package shall contain a dozen or a multiple of a dozen of quarts or pints and the bottle in each package shall be of uniform size. The Excise Officer-in-charge shall satisfy himself that the proper number of bottles are placed in each case and shall see that packed cases are closed at once and fastened.
- (ii) **Registration of Mono Cartons of IMFL/ Beer etc:**
- 1) Notwithstanding anything contained in these rules, no person shall manufacture or sell or offer for sale any brand of IMFL/ Beer etc. in bottles unless it's mono cartons are registered with the Commissioner of Excise, INDIA and certificate of registration has been granted to by him.
  - 2) No bottle of IMFL/ Beer etc. shall be sold or offered for sale unless the bottle is properly covered and packed bearing the name of the distiller, compounder, blender or brewer of such brand of IMFL/ Beer etc.
  - 3) **Validity of Certificate of Registration:** A certificate of registration granted under sub-rule 2 (a) of the rule 68 shall be valid till 31<sup>st</sup> of March every year and shall be renewed for a period of one year at a time at the discretion of the Excise Commissioner.

- 4) **Fee for registration of Mono cartons:** The fee for registration of mono cartons of IMFL/ Beer etc. are as under:
- a) In respect of Whisky, Rum or Brandy bottles be rupees one lakh only and for renewal thereof rupees one lakh only annually, and
  - b) In respect of Wine, Vodka, Liqueurs, Gin, Champagne, Cordials and other similar potable alcohol preparations and Beer, the registration be rupees seventy thousand only and renewal thereof rupees seventy thousand only annually.
- 5) **Application for registration of mono cartons:** (a) Application for registration of mono carton of IMFL/ Beer etc. shall be made to the Commissioner of Excise, INDIA at least two (2) months before the mono carton is made or prepared and application for renewal of the certificate of registration shall be made by December for registration for the next year.
- (b) Application referred to in sub-rule (a) shall contain the following particulars, namely;
- (i) The brand name and the alcoholic strength of the liquor product and the measure in liters it is proposed to be sold.
  - (ii) The Country/ State of origin of the liquor.
  - (iii) The name and address of the distiller, compounder, blender and brewer and in respect of foreign liquor bottled in India, the name and address of the bottler, and;
  - (iii) The MRP, dates of manufacture and expiry in case of canned Beer/ Pet bottles and shall be accompanied by two copies of mono cartons corresponding to the brand and containing particulars mentioned in clause (i), (ii) and (iii) above. The mono cartons shall be authenticated by the applicant with his seal and signature.
- (c) For any change, addition or deletion of any mark or inscription on mono cartons, fresh registration shall be done with deposit of prescribed registration fees.
- 6) **Maintenance of records by the Commissioner of Excise:** The Commissioner of Excise shall maintain up-to-date record of all brand names and mono cartons registered under these rules.



- 7) **Powers of the State Govt. and Excise Commissioner to refuse etc. registration of mono cartons:** The State Govt. or the Excise Commissioner, if satisfied that it is necessary to do so for reasons to be recorded in writing, may refuse registration or to renew the registration of brand name of mono cartons and may also likewise and without any notice at any time suspend, cancel the registration of any mono carton and on such cancellation the certificate of registration shall become invalid and no claim for any compensation thereto shall be entertained.
101. **Minimum capacity of bottles to be used:** For the bottling of brandy, whisky, gin and rum manufactured in India or imported from abroad the licensee shall use only "quart" bottle containing 750 ml or any pint bottle containing 375 ml and Nips bottles containing 180 ml.
102. **Issue of transport pass :**
- (a) No foreign liquor shall be removed without a proper transport pass.
  - (b) Every application for a transport pass for removal of the foreign liquor shall be made in writing to the Commissioner of Excise through the Superintendent of Excise concerned.
  - (c) If the Commissioner of Excise is satisfied that the applicant is entitled under these rules to remove foreign liquor, he shall issue the permit.
103. **Bottling licence does not cover blending or compounding :** The holder of a licence for compounding and blending requires a separate licence for bottling of foreign liquor.
104. **Bottling licensee may alter strength by adding pure water:** The holder of a bottling licence may by the addition of pure water, alter the strength of spirits to be bottled, but he shall not compound or blend spirit unless he also holds a compounding and blending licence.
105. **Labels for bottle filled in India with imported foreign liquor:** Bottles filled in India with liquor imported in bulk from abroad, when intended for sale, must bear labels specifying the nature of the liquor contained therein, the country of origin, the name of the bottler and the fact that the bottling was done in India. Every bottle must also be affixed with hologram as provided in rule 580 to 584 of these Rules.

106. **Licensee bound by other conditions if any to be imposed:** Every licensee shall be bound by all the additional rules for the construction, maintenance, and running of the manufactories, which may, hereafter be made under the Act and by all the special orders or instructions issued by the Commissioner of Excise with regard to manufactories and shall cause all persons employed by him in his manufactory comply with all such rules and orders.
- 106-A. (i) **Sub-leasing of Manufactory:** - 1) The Commissioner may, with the previous sanction of the State Government, on application made by the holder of a licence for Distillery, Brewery or Compounding, Blending and Bottling units (herein after referred to as the “manufactory”) issued under these rules, permit sub-leasing the whole or part of the licensed capacity of such units to the proposed sub-lessee.
- (a) No sub-lease shall be permitted unless :
    - (i) A sub-lease fee of sum equal to 100% (one hundred Percent) of the proportionate licence fee is remitted on the production capacity proposed for sub-lease as per the rates specified in Rule 19(III) of these Rules.
    - (ii) The original licensee is free from all Government dues and arrears of excise revenue including any loss that may have accrued in consequence of default.
  - (b) The licensee keeps a security deposit of an amount equal to 50% (Fifty Percent) of the annual licence fee of the manufactory in the shape of Fixed Deposit Receipt or Bank Guarantee issued by any Nationalised Bank situated in INDIA in the name of the Excise Commissioner.
  - (c) The proposed sub-lessee referred to in sub-rule (i) shall not be a person disqualified to hold a licence under the INDIA Excise Act, 2000 and the rules made thereunder.
  - (d) The sub-lease permitted under sub-rule (i) shall be for a period of one year or part thereof and such sub-lease holder shall not have any claim for renewal of such sub- lease.
  - (e) The Excise Commissioner may, for reasons to be recorded in writing, refuse to grant permission for sub-lease or withdraw the permission granted for sub-lease.
  - (f) The licensee and the sub-lessee shall not have any claim for compensation towards any damage or loss sustained on account of non-sanction or withdrawal of permission for sub-lease.
  - (g) If the original licence is suspended or cancelled for any reasons, the sub-lease shall also stand automatically suspended or cancelled as the case may be.
  - (h) An application for grant of permission for sub-lease shall be accompanied by :
    - (i) Sub-lease deed between the licensee and proposed sub-lessee on a non-judicial stamp paper of the requisite value as per the provisions of the Indian Stamp Act,

1899, which shall be registered within 15 days from the date of grant of permission for sub-lease.

- (ii) Memorandum of articles of Association/partnership deed, declaration of sole proprietorship, as the case may be, of the licensee and the sub-lessee.
  - (iii) List of Directors/Partners, as the case may be, of both licensee and sub-lessee.
  - (iv) Undertaking on non-judicial stamp paper worth Rs. 100/- duly signed by the licensee and sub-lessee.
  - (v) Original Challan as proof of having paid 100% (one hundred percent) of annual license fee of the distillery/ manufactory towards sub-lease fee and fifty percent of the annual licence fee as security deposit in the shape of Fixed Deposit Receipt or Bank Guarantee issued by Nationalised Bank situated in INDIA in the name of the Excise Commissioner.
- (i) The sub-lease granted under sub rule (1) is not transferable..
- (j) The Licensee and sub-lessee shall be jointly and severally responsible for all the acts of omissions and commissions of the sub-lessee.
  - (k) The sub-lessee shall be responsible for payment of all duties, taxes and fees etc. , payable to the Government pertaining to the period of sub-lease. In case the sub- lease fails, the same shall be recovered from the licensee.
- 2) The security deposit as contemplated under sub rule (1) (i) (b) shall be valid for the lease period or till the duties are paid to the Government whichever is later.
- 3) All the outstanding duties, taxes, fees or any other dues payable to the Government shall be recovered from the security deposit and the balance, if any, shall be recovered from the sub-lessee and licensee as if they were arrears of land revenue.
- 4) The fixed deposit receipt or the Bank Guarantee produced as security deposit shall be returned to the licensee after the clearance of all the dues to the Government by the sub-lessee and licensee.

**Model form of Application for grant of Permission for Sub-lease of the Indian Made Foreign Liquor Manufactory:**

To,

The Commissioner of Excise, INDIA

Housefed Complex, Dispur, New

Delhi-6 Sir,

I/we \_\_\_\_\_ S/o. \_\_\_\_\_ holder of License of M/s.

\_\_\_\_\_ distillery aged about \_\_\_\_\_ years, resident of and Sri

\_\_\_\_\_s/o.\_\_\_\_\_proposed Sub-Lease holder of M/s.\_\_\_\_\_distillery for whole/part of licensed capacity of the license, hereby undertake :

1. That the Sub-Lease will be effective from the\_\_\_\_\_of\_\_\_\_\_month  
\_\_\_\_\_year.
2. The licensed capacity of the licensee per annum is\_\_\_\_\_BL. the licensee has agreed to lease out\_\_\_\_\_BL to the Sub-Lessee out of the licensed capacity of\_\_\_\_\_BL. held by him.
3. That we shall be severally and jointly responsible to abide by term and conditions of the license as laid down in the license in Form dated ..... and the provisions of INDIA Excise Rules, 2016.
4. That we shall jointly and severally abide by the provisions of INDIA Excise Act, 2000 and the rules made there under from time to time.
5. That we shall bound to pay any enhanced license fee, excise duty, security deposit and any other fee or taxes to be levied from time to time.
6. That , we shall be bound to pay any penalties levied from time to time.
7. That, we hereby agree that the licence is liable to be cancelled on the basis of any adverse report of investigation for any lapse which amounts to contravention of any rule or any conditions of license or any other provisions of Law and also for any conviction in any criminal case at any time.
8. That the licence or sub-lease holder will not have any right or claim for continuation or renewal of sub-lease in dependent of the original licence and in case the licence is cancelled or suspended or any other action taken under excise law, it will automatically attract the sub-lease also.
9. If the licence/sub-lease is surrendered or cancelled in the middle of the licence period, we shall not be eligible for refund of licence fee.
10. That , if we fail to pay Excise Duty, Penalties etc. if any, due to Government on time , the licence is liable to be cancelled and entire amount so due, without prejudice to any other mode of recovery, may be recovered from the security deposit and also be way of restraining our movable and immovable property whatsoever we possess and selling the said properties under the relevant law currently in force.
11. We declare that we have not been convicted of any offence under INDIA Excise Act, 2000.
12. That we shall maintain separate register of accounting etc. as required under INDIA Excise Rules, 2016.

13. We shall not have any claim for any increase in the licenced capacity on account of permission granted for sub-lease.
14. We shall be responsible for unutilized/disposal as per INDIA Excise Rules, 2016 of the balance stock of ENA/other Liquors that remain at the end of the lease period.

Place :

Signature of Licencee/

Date :

Proposed Sub-lease holder

#### **(H) REGISTRATION OF BRAND NAME AND LABEL.**

##### **107. Registration of brand name and label :**

- (1) Notwithstanding anything contained in these rules, no person shall manufacture, sell or offer for sale any brand of India made foreign liquor in bottles unless its brand name and label is registered with the Excise Commissioner and a certificate of registration is granted by him.
- (2) No bottle of India made foreign liquor shall be sold or offered for sale unless the bottle is properly capsuled and capsule bears the name of the distiller, compounder, blender or brewer of such brand of India made foreign liquor.

108. **Validity of certificate of registration :** A certificate of registration granted under sub-rule (1) of rule 107 shall be valid till 31<sup>st</sup> day of March next following and shall be renewed for a period of one year at a time on payment of prescribed fees.

##### **109. Fees for registration :**

- (i) The fee for registration of a brand name and label of IMFL shall:
  - (a) In respect of Whisky, Rum or Brandy bottles be rupees one lakh only and for renewal thereof rupees one lakh only annually, and
  - (b) In respect of Wine, Vodka, Liqueurs, Gin, Champagne, Cordials and other similar potable alcohol preparations and Beer, the registration be rupees fifty thousand only and renewal thereof rupees fifty thousand only annually.
  - (c) For any change, addition or deletion of any mark or inscription on labels, fresh registration shall be done with deposit of prescribed registration fees.

**110. Application for registration:**

1. Application for registration of a brand name and label referred to under sub- rule (1) of Rule 107 shall be made to the Excise Commissioner at least one month before the India made foreign liquor is manufactured and application for renewal of the certificate of registration for any year shall be made before the last day of February of the year preceding.
2. An application referred to in sub-rule (1), shall contain the following particulars, namely;
  - (a) The brand name and the alcoholic strength of the IMFL and the measure in litres it is proposed to be sold;
  - (b) The country of origin of the liquor;
  - (c) The name and address of the distiller, compounder, blender and brewer and in respect of foreign liquor bottled in India, the name and address of the bottler; and
  - (d) The MRP, dates of manufacture and expiry in case of canned beer, and shall be accompanied by two copies of label corresponding to the brand and containing particulars mentioned in clauses (a), (b) and (c) above. The labels shall be authenticated by the applicant with his dated signature in full.

**111. Maintenance of records by Commissioner of Excise :** The Excise Commissioner shall maintain an upto date record of all brand names and label registered under these rules.

**112. Powers of the State Govt. and Excise Commissioner to refuse etc. registration of brand and label:** The State Govt. or the Excise Commissioner, if satisfied that it is necessary to do so for reasons to be recorded in writing, may refuse registration or to renew the registration of brand and label and may also likewise and without any notice at any time, suspend, cancel the registration of any brand and label and on such cancellation the certificate of registration shall become invalid and no claim for any compensation thereto shall be entertained.

**112-A. Profile registration in case of manufacturers who manufacture their products outside the state and intends to sell their products in INDIA:** A profile registration fee of Rupees five lakhs (Rs.5 lakhs) only as annual fee shall be levied on the manufacturers who

manufacture their products outside the State and intends to sell their products in INDIA. The fee levied shall be valid till 31<sup>st</sup> March of the financial year.

## (I) GRANT OF EXCISE LICENCE.

**113. Application for grant of excise licence or shifting of licensed premises or change of partner of any licence :** All applications for grant of excise licence or shifting of licensed premises or change of partner of any licence shall be made to the State

Government in prescribed form and shall be accompanied by a non-refundable and non-adjustable Application Fee at the following rates irrespective of sanction or grant of the applied licence;

- |   |                |
|---|----------------|
| (a) Application Fee for new Distillery/<br>Brewery licence and for every shifting<br>application for the existing licences.                               | Rs.5,00,000.00 |
| (b) Application Fee for new foreign<br>liquor "Bonded Warehouse" licence<br>and for every shifting application for<br>the<br>existing licences.           | Rs.2,00,000.00 |
| (c) Application Fee for new foreign<br>liquor "Wholesale" licence and for every<br>shifting<br>application for the existing licences.                     | Rs.1,00,000.00 |
| (d) Application Fee for new foreign<br>liquor "Retail OFF" and "Retail ON"<br>licence and for every shifting<br>application for the<br>existing licences. | Rs.1,00,000.00 |
| (e) Application fee for microbrewery<br>licence.  | Rs.1,00,000.00 |
| (f) Application Fee for foreign liquor<br>"temporary bar" licence.  | Rs.10,000.00   |
| (g) Application Fee for new foreign<br>liquor "Late Closing" licence granted to<br>Licensed hotels and restaurants.                                       | Rs.50,000.00   |

(h) Application Fee for foreign liquor “temporary late closing” licence.	Rs.5,000.00
(i) Application Fee for new Canteen Tenant licence.	Rs.5,000.00
(j) Application Fee for new licence to Compound, blend foreign liquor and for every shifting application for the existing licences.	Rs.1,00,000.00
(k) Application Fee for new licence to Bottle foreign liquor and for every shifting application for the existing licences.	Rs.1,00,000.00
(l) Application Fee for new wholesale, Retail and possession licence of Rectified spirit, Denatured Spirit and medicated wines for bona fide medicinal, industrial or scientific purposes and for every shifting application for the existing licences.	Rs.5000.00
(m) Application fee for change or alteration of licence.	Rs.1,00,000.00
(n) Application fee for sub-lease of Rs.75,000.00 manufactory.	
(o) Application fee for cancellation and/or revalidation of expired permits and validity extension of permits.	Rs.5000.00 per permit payable by the consignee at the place of import and for



export permit payable  
by the consignor at the  
place of export.

114. **Grant of wholesale vend of foreign liquor :**

- (i) Licences for wholesale vend of foreign liquor shall be granted by the Excise Commissioner with the previous sanction of the State Government on payment of annual licence fees as may be prescribed by the State Government from time to time.
- (ii) Grant of retail sale of foreign liquor 'OFF' or 'ON' the premises : Subject to Rule 279 of the Rules, licence for retail sale of foreign liquor 'OFF' or 'ON' the premises shall be granted by the District Collector with the previous sanction of the State Government on payment of the annual licence fee as may be prescribed by the State Government from time to time.
- (iii) Licence for the wholesale vend for foreign liquor or retail sale of foreign liquor 'OFF' the premises shall be granted for a period of three consecutive years.  
Provided further that the State Government may renew such licence for another term of one year, if there is nothing adverse against the licensee.
- (iv) Licence for retail vend of foreign liquor 'ON' the vendor's premises shall always be for one year subject to renewal by the State Government on year to year basis if there is nothing adverse against the licensee.

115. **Hotel Licence :** Hotel licence permitting the retail sale of foreign liquor for consumption 'ON' the premises shall be granted by the Collector with the previous sanction of the State Government on payment of annual licence fees as may be prescribed by the Government from time to time for hotels possessing *bona fide* residential accommodation. Sales under such licence shall be confined to persons actually residing in the hotel for their use and to persons taking meals therein.

116. **Restaurant licence :** Restaurant licences may be granted by the Collector with the previous sanction of State Government on payment of annual licence fees prescribed by the Government from time to time for *bona fide* restaurant in which meals are provided but there is no sleeping accommodation for visitors, permitting retail sale

of foreign liquor for consumption 'ON' the premises to persons taking meals in the restaurants.

Note : For the purpose of the foregoing rules 115 and 116, the words "Hotel" and "Restaurant" also include the hotel and restaurant run by the INDIA Tourism Development Corporation.

117. **Bar and restaurant licence in hotel :** Any holder of a hotel licence desirous of setting up and maintaining a bar or bars or opening a restaurant in connection with a hotel should apply to the Collector for a separate licence for such bar and restaurant. He should submit with his application a ground plan of the premises, specially indicating the room or rooms intended to be used for the purpose of the bar or restaurant. If the Collector approves the proposed arrangement for the bar or restaurant a separate bar or restaurant licence may be granted to the applicant with previous sanction of the State Government on payment annual licence fees as may be prescribed by the State Government from time to time.
118. **Temporary bar licence :** A temporary bar licence for fair, festivals (except national and religious festivals) meeting and public entertainment may be granted by the Collector with previous sanction of Excise Commissioner on payment of licence fees as may be prescribed by the State Government on such terms and conditions as may be specified by the Excise Commissioner provided that no such licence shall be granted for a period exceeding one day at a time.
119. **Railway refreshment room - Retail sale 'ON' licences :** 'ON' licences for the supply of foreign liquor for consumption on the premises in the Railway refreshment room to *bona fide* passengers and other persons having meals in such rooms shall be granted by the Collector with previous sanction of the State Government on payment of annual licence fees as may be prescribed by the State Government from time to time.
120. **Steamer, dining car or kitchen car retail 'ON' licence :** 'ON' licences for the supply of foreign liquor for consumption during the course of their journey by the *bona fide* travellers by rail or steamer shall be granted by the Collector with the previous sanction of the State Government on payment of annual licence fees as may be prescribed by the State Government. Licence granted under these rules may cover any of the following:

- (i) Steamer or other vessels employed in traffic in inland water ways;
- (ii) Railway dining cars i.e. cars in which meals are served to passengers;
- (iii) Railway kitchen cars in which food is prepared but served to passenger in their compartments.

121. **Dak bungalow/Guest house retail 'ON' licence** : Dak bungalow/Guest house 'ON' licence may be granted by the Collector with the previous sanction of the State Government to *bona fide* caretakers on payment of annual fee as may be prescribed by the State Government from time to time. They cover retail sale of foreign liquor for consumption 'ON' the premises only to *bona fide* occupants of the Dak bungalow/Guest house.

122. **Licence for sale by Co-operative societies** : Licences for wholesale vend or retail sale of foreign liquor by a co-operative society or association shall be granted by the Collector with the previous sanction of the State Government on payment of annual licence fees as may be prescribed by the State Government from time to time.

Note : The expression 'Co-operative society or Association' means the society or association whether it is or is not incorporated under any law relating to companies or is not registered under the Societies Registration Act, 1860 when the profits (if any) derived from the business carried on by such association or society are divisible among the share holders or members thereof or subscriber thereto.

Grant of licences to Firms, Company or Corporations:

- (i) Any firm, company or corporation applying for licence is required to file the following documents:
  - (a) Copies of the memorandum and articles of Association,
  - (b) A list of shareholders,
  - (c) A copy of balance sheet.
  - (d) Names and addresses of the Managing Directors, Managers and officers as defined in Indian Companies Act. Any changes, alterations or additions in regard to the matters referred above shall be informed to the Collector in time.
- (ii) Certified copies of deeds of Partnership showing the rights and liabilities of the Partners, their names and addresses and the person or persons who are authorized to transact business on behalf of the firm or company. Any change in this regard shall be intimated to the Collector in time.

- (iii) A licence granted under the INDIA Excise Act to a private company or a firm shall stand determined on any change in the membership of the private company or in the partnership of the firm or in the management thereof unless in the case of private company, prior approval of the State Government and in the case of a partnership firm, prior permission of the Collector and the approval of Excise Commissioner to such changes is obtained.
  - (iv) The application shall be signed on behalf of the firm, company or corporation by its Secretary/Managing Director/Manager or any officer or person specially authorized by such firm, company or corporation in writing and with seal.
  - (v) A firm, company or corporation having a licence under the INDIA Excise Act shall give all reasonable facilities to an excise officer not below the rank of Inspector of Excise or any officer duly authorized by the Collector to enter its business premises and to examine its memorandum and articles of association and the list of shareholders and directors during the time that such business premises shall remain open.
123. **Club Licence** : Licences for the sale of foreign liquor by any 'club' including a proprietary club the profits of which are divisible among the share holders or members for consumption 'ON' the premises shall be granted by the Collector with the previous sanction of the State Government on payment of annual licence fee as may be prescribed by the State Government from time to time.
124. **Canteen Stores Department Wholesale warehouse licence** : A licence shall be granted by the Commissioner of Excise with the previous sanction of the State Government to establish a canteen stores department wholesale warehouse on payment of annual licence fees as prescribed under rule 19(III) of these Rules, to import and store duty paid India made foreign liquor or foreign liquor. The licensee shall supply or sell the above duty paid liquor to other military canteen stores or defence forces units stationed within the State having licence.
125. **Military canteen tenant licence** : Military canteen tenant licence may be granted by the Collector with the previous sanction of the Commissioner of Excise for the retail sale of foreign liquor by such units to its members only.

126. **Para Military Force licences :** Licences may be granted to Para Military Units by the Deputy Commissioner with the previous sanction of Excise Commissioner for retail sale of foreign liquor or Indian liquor or both to the members of Para Military Units for their personal consumption on payment of the same fees as prescribed for Military canteen tenant licences.
127. **Late closing licence :** (i) Foreign liquor 'ON' licensed premises licensed as hotels and restaurants and bars attached to such hotels and restaurants and also other premises licensed for 'ON' sale of foreign liquor including Club 'ON' licences shall be kept open for sale of liquor from 12 noon to 10 PM. Such premises may be kept open upto 12 midnight under a separate late closing licence issued by the Collector with the previous sanction of the State Government and on payment of a fee prescribed in rule 19(III) of these Rules.
- (ii) **Temporary late closing licence :** The Collector may, with the previous sanction of the Excise Commissioner, grant a temporary late closing licence to the holder of a licence for consumption 'ON' the premises if he desires for keeping his bar open beyond the prescribed time limit on payment of a fee of Rs.5,000.00 per day up to a maximum of three days.
128. **Renewal of licence:** All licences granted under Rule 114 to 127 of these Rules, except Wholesale licences, shall be renewed annually by the Collector with the previous sanction of the State Government on payment of prescribed annual licence fees if there is nothing adverse against the licensee and if no Government dues remain as arrear with the licensee. The Wholesale licences shall be renewed by the Excise Commissioner with the previous sanction of the State Government, if there is nothing in contrary.
- 129 **Submission of annual renewal proposal:** 1) All applications for the renewal of licences shall be received in the office of the Deputy Commissioner of the district (Excise Branch) on or before the last day of November every year along with all requisite documents as may be determined by the State Government from time to time but without the licence fee, payable for the renewal of licence for the next year.
- 2) The Deputy Commissioner shall cause to be scrutinized all such renewal proposals received before the last day of November and will send such proposals along with a consolidated statement with his specific comments thereto to the Excise Commissioner before the 15<sup>th</sup> day of December every year.

- 3) The Excise Commissioner shall, after due scrutiny, send such list prepared by the Deputy Commissioner, to the State Government with his specific comments thereto before 15<sup>th</sup> day of January every year.
- 4) The sanction for renewal to such licences shall be granted by the State Government at its discretion and such sanction or rejection, as the case may be, shall be communicated to the Deputy Commissioner before 15<sup>th</sup> day of February every year.
- 5) On receipt of such sanction, the Deputy Commissioner shall order the concerned licensees in whose favour sanction for renewal has been received, to deposit the licence fee on or before 15<sup>th</sup> day of March through treasury challan or by any other method as may be determined by the State Government, for the renewal of licence for the next year.
130. The licensees, who fail to deposit the licence renewal proposal as per rule 129 sub- rule (1) above and the sanction for renewal in whose favour has delayed due to reasons attributable to the licensee and if for such reasons the licensee fail to deposit the licence renewal fee as provided in rule 129(5) above, the licence shall cease to have effect with effect from the 1st day of April till the date of endorsement of renewal of the licence by the licensing authority.
- Provided that such defaulter shall have to pay fifty percent (50%) of the licence fee as penalty before renewal of his licence.

### **RECTIFIED SPIRITS**

131. (a) The Collector may grant licences with the previous sanction of the Excise Commissioner for the retail sale of rectified spirit (including absolute alcohol) only to approved chemists or druggists or approved firms or approved persons and only for bonafide medicinal, industrial or scientific purposes on payment of a fee of Rs.30,000.00 (Rupees thirty thousand only) per annum.
- (b) Licences for the use in the manufacture of drugs, medicines or chemicals of pure rectified spirit manufactured in India will be issued free of charge to manufacturing chemists approved by the Collector with the previous sanction of the Excise Commissioner.
- (c) Licences granted vide sub-rule (a) and (b) of this rule shall be renewed by the Collector annually on satisfactory records and on payment of annual licence

fee. No fees shall be charged for renewal of the licence granted under Rule 129 (b) above.

(d) A pass fee of Rs.2.00 (Rupees two only) and Excise duty of Rs.8.00 (Rupees eight only) per liter payable in advance shall be realized for issue of pass for import of rectified spirit by the wholesale licence holders.

### **DENATURED SPIRIT**

132. (a) Licences for the wholesale vend of denatured spirit shall be granted by the Collector with the previous sanction of the Excise Commissioner on payment of fees of Rs.10,000.00 (Rupees ten thousand only).

Provided that the licences granted vide this rule shall be renewed annually by the Collector on satisfactory records and on payment of annual licence fees.

(b) A pass fee at the rate of Rs.5.00 (Rupees five only) per liter payable in advance shall be realized for issue of pass for import of denatured spirit by the wholesale licence holders.

133. Licences for retail sale of denatured spirit shall be granted by the Collector with the previous sanction of the Excise Commissioner on payment of annual licence fees of Rs.5,000.00 ((Rupees five thousand only). The licence granted under this Rule shall be renewed by the Collector annually with the previous sanction of the Excise Commissioner on satisfactory records and on payment of annual licence fees.

134. Licences for possession of denatured spirit for domestic or business purposes, in excess of the quantity fixed as the limit of private possession shall be granted and issued by the Collector with the previous sanction of the Excise Commissioner on payment of annual licence fee of Rs.5,000.00 ((Rupees five thousand only) for possession of such quantity as may be specified in each case by the Collector. The licence shall be renewed annually by the Collector with the previous sanction of the Excise Commissioner if there is nothing adverse against the licensee and on payment of annual licence fees.

### **MEDICATED WINES**

135. **Licences for sale of medicated wines :** Licences for sale of medicated wines and similar preparations mentioned in Rule 370 (5) by chemists, druggists or pharmacists shall be granted by the Collector with the previous sanction of the Excise

Commissioner on payment of an annual licence fee of Rs.2000.00 (Rupees two thousand only).

Provided that the licence will be renewed annually by the Collector on payment of licence fee and if there is nothing adverse against the licensee.

136. **Licences for sale of medicate wines by a licensed dealer** : Licences for sale of medicated wines and similar preparations mentioned in Rule 370(5) by a licensed dealer shall be granted by the Collector with the previous sanction of the Excise Commissioner on payment of an annual licence fee of Rs.5000.00 (Rupees five thousand only).

Provided that the licence will be renewed annually by the Collector on payment of licence fee if there is no adverse against the licensee.

Note : The expression 'Licensed dealer' means a person who obtained a licence for sale of medicated wines and similar preparations to :

- (i) another licensed dealer for sales to public;
- (ii) a chemist, druggist or pharmacist to sell medicated wines and similar preparations.

137. **Licence for manufacture of Perfume and Toilet preparations** : Licence for manufacture of perfume and toilet preparations shall be granted by the Excise Commissioner with the previous sanction of the State Government on prepayment of an annual licence fees of Rs.5000.00 (Rupees five thousand only).

Provided that the licence shall be renewed annually by the Commissioner of Excise on pre-payment of annual licence fee if there is no adverse against the licensee.

138. **Commencement of licences** : Licences for the wholesale and retail sale of foreign liquor shall commence from the first April or any other date as may be specified in the licence. Licence fees for all excise licences shall be payable from the date of initial sanction.

**Note : Register of licence for foreign liquor, rectified spirit, denatured spirit and medicated wine** – Register of licence for foreign liquor, rectified spirit, denatured spirit and medicated wine shall be maintained separately for each item in all districts and sub-divisional excise offices in the form as prescribed by the Excise Commissioner.



139. **Strengths for sale of Whisky, brandy, rum and gin :** Whisky, brandy and rum shall not be sold by a licensed vendor at a strength other than 25<sup>0</sup> degree under London Proof and 50<sup>0</sup> under London proof, and gin shall not be sold at a strength lower than 35<sup>0</sup> degree under London Proof.
140. Sale of foreign liquor by 'OFF' and 'ON' licensee to be only in sealed and capsuled bottles of at least 180 ml. size.
- (a) The holder of a licence for retail sale of foreign liquor for consumption 'ON' or 'OFF' the premises shall not keep or sell such liquor in 'quart' bottles containing less than 750 ml or in 'pint' bottles containing less than 375ml. and Nips bottle containing less than 180 ml of such spirit or except in sealed, capsuled bottles.
- (b) The holder of a licence to sell India made foreign liquor for consumption 'ON' the premises may use peg measure. One full peg is equal to 60 ml.
- The holder of the licence shall not alter either the nature of the liquor or the labels: Provided that bottles opened by a competent Excise Officer for purposes of test, may, if resealed by such Excise officer, be sold by the holder of the licence.
141. **Foreign liquor licensee not to stock liquor declared unwholesome:** No holder of a licence for the sale of foreign liquor shall maintain a stock of or sell any brand or class of foreign liquor, which has been declared by the Excise Commissioner to be unwholesome or inferior.
142. **Mixing any other spirit with denatured spirit prohibited :** The holder of a licence for the sale of denatured spirits is prohibited from mixing such spirit with any other spirit and is required before selling any denatured spirit to any purchaser to use all reasonable diligence to ascertain the quantity already in the purchaser's possession and shall not at one time sell to him more than 5 liters or such smaller quantity together with what is or in good faith is believed to be in the purchaser's possession will amount to 5 litres provided that the licensee may sell any quantity greater than 5 liters to a person licensed to sell denatured spirit or to a person holding a licence authorizing him to purchase a quantity greater than 5 liters.
143. **Minimum strength of denatured spirit :** Denatured spirit shall not be possessed or sold by licensed vendors at strength lower than 50<sup>0</sup> degree over London Proof.

144. **Storage wastage** : A wastage of 0.25 percent shall be made for the actual storage wastage found in periodical stock taking in the India made foreign liquor manufactory. The licensee is liable to pay duty at the prescribed rate on the wastage that exceeds the prescribed limit.

Such duty on deficiency shall be realized by the Collector of the district in which the manufactory is situated. Wastages for the purpose of collection of duty on the excess as aforesaid shall be calculated annually, that is, at the end of every financial year for which the licence is in force.

## **PART – II**

### **COUNTRY**

### **SPIRIT**

145. **Definition:** In the succeeding rules, unless there is anything repugnant in the subject or context;

- (i) **“Country liquor”** means: -
  - (a) plain spirit which has been made in India from materials recognized in INDIA as bases for country spirit, nemely, mahua, rice, millet, gur or molasses;
  - (b) fermented tari; and
  - (c) all fermented liquors made from mahua, rice, millet or other grain according to native processes;
- (ii) **“Warehouse”** or “spirit warehouse” means the buildings erected by the State Government of INDIA for the storage of spirit in bond under the charge of the contractor;
- (iii) **“Contractor”** means a person to whom the exclusive privilege
  - (a) of supplying by wholesale, or
  - (b) of manufacturing and supplying by wholesale of country spirit to licensed retail vendors of the same has been granted by the State Government of INDIA under Section 18 of the INDIA Excise Act, 2000;
- (iv) **“Distillation”** means the process of extracting spirit from anything by evaporation and condensation;
- (v) **“Distillery”** means a distillery at which a contractor is permitted by the terms of a licence granted to him by the State Government of INDIA or any other State to manufacture spirit;

- (vi) **“Fermentation”** includes natural or artificial changes which produce alcohol;
- (vii) **“Gravity”** means proportion which the weight of a liquid bears to that of an equal bulk of distilled water, the gravity of distilled water at 60<sup>0</sup> (sixty degree), Fahrenheit being taken to be 1000<sup>0</sup> (one thousand degree);
- (viii) **“To gauge”** means to determine the quantity of spirit contained in or taken from any cask or other receptacle, or to determine the capacity of a cask or other receptacle;
- (ix) **“London Proof (L.P.)” or Proof** means the strength or proof as ascertained by means of Sykes’ hydro-meter and denotes that spirit which at the temperature of 61<sup>0</sup> (sixty one degree) Fahrenheit weighs exactly 12<sup>th</sup>/13<sup>th</sup> part of an equal measure of distilled water;
- (x) **“Over Proof” (O.P.)** means spirit of a strength greater than that of London Proof;
- (xi) **“Under Proof” (U.P.)** means a spirit of a strength less than that of London Proof;
- (xii) **“Proof gallon”** means a gallon containing liquor of strength of London Proof;
- (xiii) **“Obscuration”** means the difference caused by matter in solution, between the true strength of spirit and that indicated by the hydrometer;
- (xiv) **“To prove”** means to test the strength of the spirit by a hydrometer or other instrument prescribed by the Excise Commissioner;
- (xv) **“Racking”** means the transfer of spirit from one vessel to another;
- (xvi) **“Reducing”** is defined in Rule 1-A (xxvi) means the reduction of liquor from a higher to a lower alcoholic strength by the addition of pure water;
- (xvii) **“Still”** includes any part of a still, any apparatus whatever for distilling or manufacturing spirit;
- (xviii) **“Toddy”** means Tari;
- (xix) **“Vat”** means any vessel used for blending, reducing or storage of spirit;
- (xx) **“To tap”** means to prepare any part of a Tari (toddy) producing tree or to use any means for the purpose of causing sap to exude from the tree;
- (xxi) **“Wash”** means the material for distillation which is under or has undergone fermentation by natural or artificial means;
- (xxii) **“Grogging”**
  - (1) The term “grogging” in reference to wooden vessels means the extraction of the spirit absorbed in the wood. Wooden casks are grogged with water after having been emptied in order to prevent the

extraction of the absorbed spirit and its consumption after the casks have left the warehouse.

- (2) The amount of "grogging" obtainable by ordinary extraction with cold water is usually some-what over one percent of the proof litres originally contained in the cask, assuming that it was practically full on receipt at the warehouse.

### **IMPORT, EXPORT AND TRANSPORT OF COUNTRY SPIRIT.**

146. **Rules applicable to import, export and transport:** The import, export and transport of country spirit shall be subject to following rules in addition to the restrictions imposed by Sections 8, 9 and 12 and prohibition made under Section 10 of the Act.

#### **IMPORT**

**147. Conditions under which import can be made :**

- (1) Country spirit may be imported only with the permission of the Excise Commissioner and under a bond for the payment of excise duty in INDIA and by -
  - (a) a person to whom any exclusive privilege for the supply of such spirit has been granted under Section 18 of the Act, or
  - (b) a licensed wholesale dealer in country spirit after he or his agent has -
    - (i) executed a bond (which may be either a general or special bond) in favour of the Excise Commissioner or place of export for payment of the said duty; and
    - (ii) obeyed all rules in force in the district or place from which the export was made.
- (2) Country spirit shall not be imported under a bond, as aforesaid unless -
  - (a) the consignment is accompanied by a pass granted by the Collector or any other empowered officer of the exporting district or place, or by the officer-in-charge of the distillery, brewery or warehouse from which it was taken, in such a form as may be prescribed for use in the exporting district or place; and
  - (b) the Collector of importing district has received a copy of the said pass from the Collector of the exporting district of place or from the officer-in-charge of the said distillery, brewery or warehouse.

- (3) (a) whenever any country spirit is imported under a bond, as aforesaid, it must on arrival in the territories to which the INDIA Excise Act, 2000 applies be taken direct to the excise warehouse specified in this behalf in the pass and fixed by the Excise Commissioner for the storage of such spirit.
- (b) On the arrival at an excise warehouse in the territories to which the aforesaid Act applies of any such spirit, it shall be tested and measured by the officer-in-charge of the warehouse, and shall be taken into store and entered in his accounts.
- (c) As soon as may be after such arrival, the officer-in-charge of the warehouse shall certify on the importer's copy of the pass full details regarding the spirit received, in such form as may be prescribed in the pass or required by the Collector of the exporting district or place.

148. **Casks in which spirit is imported to be marked:** On each cask or other vessel containing spirit there shall be legibly painted the -

- (1) name of the exporting distillery or warehouse;
- (2) number of cask or drum;
- (3) quantity and strength contained in the cask; and
- (4) capacity of the cask.

149. **Import otherwise than under rules prohibited:** Save as provided in the foregoing rules, the import of country spirit into INDIA is prohibited.

## EXPORT

### EXPORT OF COUNTRY SPIRITS TO OTHER STATE OF INDIA UNDER BOND.

150. **Execution of bond:**

- (1) When any person desires to remove country spirit from any distillery or warehouse for export to any other province in India, under a bond for payment of excise duty, he must execute a bond, in the form prescribed by the State Government or the Governor of INDIA as the case may be before the Excise Commissioner of the State in which the distillery or warehouse is situated.
- (2) Such bond may be either a general or a special bond.

- (3) The Excise Commissioner shall sign the bond on behalf of the Governor of INDIA, as party to the instrument.
  - (4) The Excise Commissioner shall then intimate the fact of the execution of the bond to the officer-in-charge of the distillery or warehouse, who shall after the particulars thereof have been entered in a register, issue the liquor as if duty has been paid.
151. **Liquor to be gauged and proved before issue:** No liquor shall be issued unless it has been gauged and proved by the officer-in-charge of the distillery or warehouse.
152. **Passes :**
- (1) A pass, in triplicate, shall be prepared by the officer-in-charge of the distillery or warehouse when any liquor is issued under Rule 150 (4) above.
  - (2) One copy of the passes shall be delivered to the exporter to accompany the consignment, the second shall be forwarded to the Collector of the district to which the liquor is to be taken and the third shall be retained for record.
153. **Vessels to be marked and sealed:**
- (1) Each cask or other vessel containing liquor issued from a distillery or warehouse under sub-rule (4) of rule 150 shall bear marks shown clearly the name of such distillery or warehouse, and the number and capacity of the cask or other vessel, and the nature, quantity and strength of its contents.
  - (2) Each such cask or other vessel shall be sealed by the officer-in-charge and a distinct impression of the seal shall be affixed on the pass forwarded to the Collector of the importing district under sub-rule (2) of Rule 152 of these Rules.
154. **Account of export:** Account of all exports shall be kept in the form prescribed by the State Government, by the officer-in-charge of the distillery or warehouse.

## TRANSPORT

155. **Transport passes:** Rules 150, 151 and 154 supra shall apply mutatis mutandis to the transport of country spirit between distilleries and warehouses. A pass in triplicate shall be prepared on prepayment of transport pass fee at the rate prescribed under Rule 16 (b) of these Rules by the officer-in-charge of the distillery or warehouse when any spirit is issued for transport to another distillery or warehouse. One copy of the pass shall be forwarded to the officer-in-charge of the distillery or warehouse

to which the spirit is to be transported, the second copy shall accompany the consignment, and the third copy shall be retained for record.

**156. Vessels to be marked and sealed:**

- (a) There shall be cut or branded or otherwise distinctly marked on each cask or other vessel containing spirit issued from a distillery or warehouse, as well as the number or distinctive mark of the distillery or warehouse, as well as the number of cask or vessel and its capacity, the actual quantity and strength of its contents shall be noted on a ticket affixed to each cask or vessel. Marks other than those specified above shall be obliterated.
- (b) If the Excise Commissioner so directs, each such cask or other vessels shall be sealed by the officer-in-charge and a distinct impression of the seal affixed on the pass forwarded to the officer-in-charge of the distillery or the warehouse to which the spirit is to be transported.

**157. Transit between warehouse and retail vend:** The retail vendor shall pay cost price, bottling charge, excise duty and vend fee through treasury challan. The challan shall be prepared in quadruplicate. One copy will be kept by the treasury and three copies will be presented by the vendor or his agent to the Superintendent of Excise and the Deputy Superintendent of Excise, in the district and sub-divisional Excise office respectively. The officer will pass an order on the back side of one copy of the challan on which cost price and bottling charge have been paid for issue of the country spirit from the warehouse. He will hand over these two copies to the vendor and keep one copy in his office. The vendor will present two copies of the challan to the officer-in-charge in the warehouse who will issue the country spirit and retain in his office the copy of the challan authorizing the issue of country spirit and make over the third copy to the vendor or his agent.

**158. Order for issue of spirit:** The order to be issued by the Superintendent of Excise in a district and Deputy Superintendent of Excise in a Sub-divisional head quarter on the back side of the treasury challan should be as follows :-

To,

The officer-in-charge,

\_\_\_\_\_warehouse.

Issue \_\_\_\_\_ Bulk litters of 60 U.P. spirit on which the prescribed duty has been paid, to the licensed vendor or his agent of country spirit shop No. \_\_\_\_.

(Signature of officer)

\_\_\_\_\_ District

Date \_\_\_\_\_

\_\_\_\_\_ Sub-division

Rubber stamp will be used on the challan by which cost price and bottling charge have been deposited should be stamped: "Entered in Register".

(Signature of officer)

\_\_\_\_\_ District

Date \_\_\_\_\_

\_\_\_\_\_ Sub-division

159. **Issue of spirit to be made in full:** On presentation of the challan with an order for the issue of spirit, the officer-in-charge must issue the spirit in full amount as specified in the order. The receipt of the spirit must be endorsed by the retail vendor upon the back side of the challan.
160. **Copy of issue register to be submitted to Collector:** A copy of the issue register with separate extract relating to the shops situated in other district or sub-division will be submitted once a week to the Collector or Sub-divisional officer concerned.
161. **Khatian Statement:** A statement written up daily showing the issues to each shop will be totaled at the end of the month and will be submitted by the officer-in-charge of the warehouse to the Collector in which the retail shop is situated. The latter will maintain a register in Form No.31 of the Schedule XXXI (Section III – distillery and Warehouse) for the whole district.

#### **CONTRACTS FOR SUPPLYING COUNTRY SPIRIT TO WAREHOUSES.**

162. **Call for tenders:** Tenders for a contract for the exclusive privilege of supplying country spirit from a distillery to licensed vendors within a specified area for a specified period will be called for by the Excise Commissioner 6 months before the date from which the contract will take effect.



Provided that the State Government may, if circumstances so require, direct that tenders be called for by the Excise Commissioner within a lesser period than 6 months specified above.

163. **Application for licence:** Any person tendering for a licence specified in Rule 162 shall apply in writing to the Excise Commissioner furnishing the following particulars.

1. The name or names of the person or persons, if a firm, the name of every partner of the firm and if a company, the registered name thereof and again registered with the Commissioner of Excise on payment of a fee as may be prescribed by the Government from time to time. The tenderer should get himself/herself registered with the Commissioner of Excise. This registration number with date should be quoted in the tender paper.
2. The applicant (if he is other than the existing contractor) shall also state in his tender that he is willing to take over under the provision of Rule 173 of these Rules, the existing vats and other permanent apparatuses in the warehouses within the area to be supplied and shall furnish a list of these in his application.
3. Each tenderer shall deposit a sum of money fixed by the Excise Commissioner as earnest money by a Bank Draft in favour of the Commissioner of Excise. The Bank Draft must accompany the tender otherwise no tender will be considered. The unsuccessful tenderer shall get their earnest money refunded. The earnest money of the successful tender may be converted to security deposit.

164. **Right of State Government to grant licence to any person:** The Excise Commissioner shall forward the tenders with his recommendations to the State Government which reserves to itself the right to accept any tender. If none of the tenders is accepted by the State Government on the ground that none of them, on due consideration, appears to be satisfactory they reserve also the right to grant the licence to any person who has not tendered and is considered suitable in all respects:

The Government of INDIA shall also have the right to cancel the contract at any time without any compensation to the contractor, if any terms and conditions of the contract are infringed. The contract may also be cancelled during the currency of the contract for failure to supply rectified spirit grade-I or for supply of substandard spirit to the warehouse and in that event any loss incurred by Government shall be compensated by the contractor as may be determined by the State Government.

Provided that when a licence is cancelled or suspended during the currency of the licence, the State Government further reserves the right to grant the licence to any one without calling for tenders.

165. **Period of licence:** The licence granted to a contractor shall be in the prescribed form, and shall ordinarily be for a period of three years, but in exceptional cases a longer term, not exceeding five years, or a shorter term, may be fixed. On expiry of the term of contract, the State Government may extend the term of the licence for a period not exceeding three months at a time under such circumstances as the State Government considers necessary.
166. **Security deposit and execution of bond:** For observance of conditions of the licence and of these rules and for the payment of all sums which become due to Government, by way of duty, fees, fines or otherwise under terms of the contract or under these rules, the contractor shall execute a deed hypothecating to Government, his vats, pipes, pumps and all other apparatus including manufactory, bottles, etc. together with the liquor stored at any time during the currency of the licence in the warehouses and if so required by Government shall also deposit at the time of signing the counterpart to the licence such amount as the State Government may direct as security deposit.
167. **Contractor bound to supply spirit to retail vendors:** The contractor is bound to issue country spirit to the retail vendors within the area which he is licensed to supply at such fixed strength and prices (which prices include the cost of carriage from the distillery to warehouse) as may be specified in his licence.
168. **Retail vendors to pay cost price and duty into treasury:**
  1. As a guarantee that the contract price of spirit is never exceeded, and for the contractor's convenience, all the retail vendors will be required to pay into the treasury the contract cost price of the spirit together with the Excise Duty payable thereon.
  2. **Monthly payment of cost price to contractor:** The contractor shall be entitled to receive monthly the total amount deposited in his favour as cost price during the preceding month. The amount due from the contractor such as godown rent and any other dues may be paid by deduction from the

amount of cost price which is to be refunded to him by the Government of INDIA.

3. Provided that 90% of the monthly cost price of country spirit will be released by the State Government on receipt of Bill-cum-Statement from the Deputy Commissioner concerned and remaining 10% of the same will be released on receipt of Treasury credits from the Treasury officer concerned.
169. **Contractor to have no interest in retail shop:** The Contractor shall not have any interest, direct or indirect, in any retail shop for the vend of liquor within the area covered by his licence, and is bound to observe these and all such other rules for the management of the warehouses as may be framed from time to time by the State Government.
170. **Establishment in warehouses:** The contractor will be required to maintain such establishment in each warehouse as may be deemed necessary by the Excise Commissioner for the storage, reduction and issue of spirit.
171. **Plant etc. subject to approval of Excise Commissioner:** All plants, vats or permanent apparatuses set up in the warehouse are subject to the approval of the Excise Commissioner and no alternation shall be made in them without his permission. Minor alternations may be allowed by the Superintendent of Excise subject to the subsequent approval of the Excise Commissioner.
172. **Contractor to give notice of any plant:** The contractor shall give to the officer-in- charge of the warehouses an inventory of all permanent apparatuses which he may intend to take into use and which were not entered in his original application not less than two clear working days before he uses any of them.
173. **Government to have right to preemption of plant:** In case the contract, for any reason be not renewed at its expiry, or in case the licence be cancelled or suspended for any reason, the contractor shall be bound to allow the State Government the right to preemption of the pipes, pumps, vats and apparatus connected therewith on a valuation of their existing conditions made by two valuers, one to be selected by the Excise Commissioner and the other by the contractor. In the event of a difference of opinion between the valuers the matter shall be referred to the Excise Commissioner whose decision shall be final. In the event of the Excise Commissioner

exercising the right of preemption under this rule, an incoming contractor shall be bound to purchase the vats and apparatuses as aforesaid at the price paid for them to the outgoing contractor.

The new contractor is bound to take over old plant provided that if on account of non-renewal of the contract, the new contract be given to another contractor, the later shall be bound to take over from the outgoing contractor all vats and other apparatuses in the warehouses which are in use and in serviceable condition and which have been purchased with the sanction of the Excise Commissioner. If the outgoing and incoming contractors do not come to terms as to the price to be paid for the vats, etc. aforesaid, the matter shall be referred to three arbitrators, one to be nominated by the outgoing contractor, one by the incoming contractor and one by the Excise Commissioner who shall determine the price to be paid subject to an appeal to State Government. If two of the arbitrators agree on the price, such agreement shall determine the price subject to appeal as aforesaid. If all the three arbitrators disagree the matter shall be referred to the State Government. The decision of the State Government shall be final in any case.

**174. Stock of spirit in warehouse and its disposal on expiry of contract:**

- (1) On the expiry of his licence (unless a fresh licence has been granted to him) or if his licence be cancelled or suspended, the contractor shall be bound to leave, if so ordered by the Excise Commissioner, in each of the warehouses quantity of spirit equal to the average quantity sold in one month at such warehouse during the 12 months immediately preceding, provided that the quantity of spirit so left shall be paid for at the rate at which the new contractor shall have agreed to supply country spirit to such warehouse, or, if such rate be not accepted by him or if there be no such licensee then such rate as may be fixed by the State Government. The outgoing contractor, shall within 10 (ten) days of the receipt of written notice from the District Collector, remove any quantity of spirit in any warehouse in excess of such quantity as is required to be left as prescribed above, on payment of dull duty, or under bond for payment of duty, unless he can arrange its disposal with the incoming contractor.
- (2) If he shall fail so to remove or dispose of all surplus spirits within 10 (ten) days of receipt of written notice from the District Collector, the cost of any establishment which may be necessary to employ at any of the warehouses may be recovered from him, and in default of his so doing within 1 (one)

month, the spirit shall be liable to forfeiture at the discretion of the Excise Commissioner.

175. **Quality of spirit prescribed:** The spirit supplied to warehouses shall be of good quality according to the standard for the time being prescribed by the State Government and shall be the produce of materials specified in the licence. If any spirit supplied to a warehouse be found by the officer-in-charge to be of inferior quality or otherwise unsuitable for issue to licensed vendors, he shall stop its issue and submit a sample to the Excise Commissioner, and it may, after analysis, be rejected or destroyed or otherwise dealt with under the orders of the Excise Commissioner. All spirits supplied to warehouses shall be subject to such periodical analysis as the Excise Commissioner may direct.
176. **Addition of saccharine etc. prohibited:** No saccharine or other matter of such a nature as to obscure the indications of the hydrometer shall be introduced into spirits. Spirits so treated shall be liable to forfeiture.
177. **Minimum stock prescribed:** The contractor shall maintain at each warehouse such minimum stock of spirits as may from time to time be fixed by the Excise Commissioner and notified by him in writing to the contractor. Should the stock at any warehouse fall below the prescribed minimum, the contractor shall forthwith make up the deficiency, and in default of his so doing within seven days after the receipt by him of notice from the District Collector, the Superintendent of Excise or the officer-in-charge requiring him to do so, the District Collector may secure the spirit required to make up the deficiency from any source he may think fit. The contractor shall be liable to pay to the District Collector any excess of the cost of the spirit so secured (including cost of transit) over the price realized by the sale thereof at the prescribed rates to the licensed vendors, and also the sum required to compensate any loss to Government revenues or to the licensed vendors he may have incurred owing to the contractor's failure to maintain an adequate stock. The amount of such compensation shall be fixed by the District Collector or (in the event of objection on the part of the contractor to the amount so fixed) by the Excise Commissioner.

## WAREHOUSES

178. **Government warehouses:** Warehouses for the supply of country spirit to retail vendors may be established by the State Government at convenient places at the expenses of Government. Each such warehouse shall be supplied with country spirit by the contractor within whose area of supply such warehouse lies and shall be in charge of an Excise officer. The Excise Commissioner is authorized to allow spirit to be received into the warehouse from other sources than those above mentioned, if necessary.
179. **Vessels for storage of spirit in warehouses ;** The vessels used for storage of spirit intended for human consumption must be iron, steel, wooden or glass- enameled or glass-lined metal vessels. Spirit in warehouses shall ordinarily be stored in vats or iron tanks, but casks may with the permission of the Excise Commissioner be used in which case the distinguishing mark of the warehouse, the serial number of cask and its capacity shall be cut or branded or otherwise distinctly marked on each cask. The contractor shall supply these articles and all other appliances which may be required for the storage, blending, reducing or issue of spirit and shall bear the cost of aforesaid operation.
180. **Vats to be provided with dipping rods and to be gauged:** All vats in the warehouse must be so placed as to admit of the contents being accurately gauged or measured and must be fitted to the satisfaction of Excise Commissioner with proper dipping- rods, so adjusted to fixed dipping places, that the places, that the contents thereof may at any time be ascertainable. The vats shall also be gauged in such a manner as the Excise Commissioner may, from time to time, direct and no vessels shall be used as a store-vat until it has been gauged and the gauging has been checked by the Superintendent of Excise or such other officer as the Excise Commissioner may appoint.
181. **Plungers and valinchers:** The contractor should provide every warehouse with two perforated plungers for the purpose of stirring spirit after blending and reduction and two valinchers or a siphon tube for drawing spirits from casks when full, and also a sufficient number of buckets.

**182. Weighing machines:**

- (a) The Contractor shall also supply weighing machines for use in warehouses, for ascertaining the capacities and contents for casks or drums received from the distillery.
- (b) No weighing machine must be used which has not been approved by the Excise Commissioner and the contractor must take immediate steps for setting right a machine which is reported to have become inaccurate or gone out of order.
- (c) Standard weights equal to the weight of full drum of the maximum size must also be supplied by the contractor at every such warehouse.
- (d) As the platforms of movable weighing machines are often considerably above the floor level, a properly made ramp must be provided for each machine so that the machine will not be damaged by the rolling of casks up to the planks resting on the side of the platform.

**183. Serial number, capacity and depth to be painted on storage vessels:** The contractor must cause to be painted with oil colour and keep so painted upon each vat and storage cask in a warehouse its serial number, capacity and depth.

**184. Warehouse under joint lock of the officer-in-charge of the warehouse and contractor:** The outer door of a spirit warehouse shall be locked by two locks, one being supplied by the State Government and the other by the contractor, the keys being retained by the officer-in-charge of the warehouse and the contractor or his authorized representative. The contractor shall provide and maintain suitable and secure fastenings to all vats and other receptacles to the satisfaction of the Excise Commissioner for the attachment of locks to be provided by the said Government. All manholes, cocks and other apertures of vats must be so made that they can be locked with Excise locks or any other equally suitable locks made in India and approved by the Excise Commissioner. The plug or key of any cock is not to be reverted in, but must be so made that it can be taken out by an officer for examination. When it is necessary that cocks upon closed pipes be left open when no Government officer is present, working fastening must be provided for such cocks to admit of their being turned but not withdrawn from their position. Close fastenings should be provided for all other cocks. Either Excise locks or Club's locks or any other equally suitable locks made in India and approved by the Excise Commissioner, will be provided for all the fastenings and doors. The keys of all such

locks shall be kept in the personal custody of the officer-in-charge of the warehouse, the duplicate keys being kept in the district or sub-divisional treasury. The contractor shall be at liberty to affix also his own locks; provided that he shall always, on the requisition of the Collector, immediately remove such locks so as to allow free inspection of the vats and other receptacles in which, and of the rooms or the doors of which, such locks are placed, and of all the contents thereof.

185. **What spirit may be received into warehouse:** No spirits shall be received into any of warehouses unless accompanied by a pass from the officer-in-charge of the distillery or of the warehouse from which they have been transferred, or, if the spirits be imported by a permit from an officer duly authorized to grant permits for the transported spirits. All spirits received into warehouses shall be gauged and proved on arrival, and the contractor shall thereupon become responsible under Rule 197 of these Rules for the quantity and strength of the same.
186. **Accounts to be maintained by contractor:** The contractor shall keep regular accounts showing the quantity and strength of spirits received in, issued from and remaining in the warehouse. Such accounts shall be open at all times to the inspection of the officer-in-charge and of all superior Excise Officers.
187. **Hours of work in warehouse:** Government warehouses shall ordinarily be opened during office hours, but, when necessary, may be kept open longer. The hours of opening and closure shall be fixed by the District Collector, in consultation with the Superintendent of Excise and the Sub-divisional officer in respect of warehouses in a sub-division. Warehouses will be closed on Sundays and on public holidays as declared by Government from time to time under the Negotiable Instruments Act, 1881 (XXVI of 1881); provided that in case of urgent necessity the District Collector, the Sub-divisional officer or the Superintendent of Excise may direct that warehouse shall not be closed on any particular day.
188. **State Government not liable for any loss, etc. of spirit in warehouse by fire or accident in warehouse:** The State Government shall not be held responsible for the destruction, loss or damage of any spirits stored in a warehouse by fire or theft or by gauging or by any other cause whatsoever. In case of fire or other accident the officer-in-charge of the warehouse shall immediately attend to open the same at any hour by day or night.



189. **General supervision of warehouses:** Warehouses shall be under the supervision and control of District Collector and the Superintendent of Excise, but these officers shall not pass orders on technical matters connected with the working of a warehouse except with the approval of the Excise Commissioner.
190. **Admittance of persons into warehouses:** Warehouses shall be open for the entrance and exit of persons who have business within them. Except with the permission of the Collector or the Superintendent of Excise or the Sub-divisional officer no one except superior officers of other Government departments, contractors and their servants, and licensed vendors who have come to purchase spirits, shall be allowed to enter the premises on any pretext. A register shall be kept of the names of all persons employed by contractors and all recognized employees would be supplied with passes for ingress and egress.
191. **Persons leaving warehouse liable to be searched:** All persons entering a warehouse shall be under the orders of the officer-in-charge of the warehouse in respect of their conduct and proceeding within the warehouse and shall be liable to search, on their quitting the premises, at the discretion of the officer-in-charge. Such searches shall be made under the orders and in the presence of the officer-in-charge of the warehouse.  
Note : The officer-in-charge must understand that the power of search is to be used with discretion. No respectable person should be subjected to search except on very good grounds for suspicion. All cases of search of persons, other than menials should be entered in the diary, with a statement of officer's reason for his action.
192. **Ejection of undesirable persons:** The officer-in-charge of a warehouse may eject and exclude from the premises any person whom he shall find to have committed, or to be about to commit, any breach of these rules or of the provisions of the Excise Act or who shall be intoxicated, riotous or disorderly. All actions taken by any such officer under this rule shall forthwith be reported by him in writing to his official superior.
193. **Smoking and naked light prohibited:** Smoking or the use by any person whatsoever within a warehouse of fire or naked lights of any description is prohibited. Electric torches may be used when necessary.

194. **Contractor to have access to vat receipt and issue register:** The contractor or his authorized agents shall have free access to the Register of Spirits received into and the issued from, each vat, and shall be at liberty at once to bring to notice, and to appeal in writing to the Collector or to the Excise Commissioner against any entries therein to which he objects. He shall not be allowed subsequently to question any entries to which he has not taken objection within one week of the date of their having been made. If any corrections are necessary, they must be made, after orders have been received, in red ink and must be initialed and dated by the officer-in-charge and also by the contractor, or his authorized agent. Erasures in all warehouse's registers are absolutely forbidden.
195. **Spirit to be open to gauging and proof at all times:** Spirits in warehouses shall at all times be open to gauging and proof by the officer-in-charge thereof and all superior Excise officers.
196. **Sealing of sample bottles:** Sealing sample bottles of liquor must be done in the office or verandah of the warehouse in the presence of the officer-in-charge.
197. **Periodical stock-taking and levy of duty on excess deficiency:** The Superintendent of Excise or in his absence, the officer-in-charge of the warehouse will take stock of all spirits in the warehouse on the last day of March, June, September and December in each year, or on the last preceding open day, if the last day be a Sunday or a holiday prescribed under Rule 187 and the Contractor shall pay to the State Government duty at the rate imposed under Section 20 of the Act on all spirits which may not be forthcoming and for which he shall be unable to account to the satisfaction of the Excise Commissioner in excess of an allowance of 0.25 (point two five) percent which will be made to him for wastage. Wastage for the purpose of collection of duty on the excess as aforesaid shall be calculated annually, that is at the end of each financial year for which the licence is in force. However, if Commissioner of Excise desires stock may be taken at any time. Provided that if it shall be proved to the satisfaction of the Excise Commissioner or of such officer, as he shall appoint, that such deficiency in excess of one half percent has been caused by accident or other unavoidable cause, the payment of duty at the above rate on such deficiency will not be required.

198. **Responsibility for breaches of rules by servants:** If it comes to the knowledge of the contractor that any person employed by him in the manufacture, storage, receipt, blending, reducing or issue of spirits has committed by breach of the Excise Act and rules framed thereunder, or of the engagements entered into by him it shall be his duty to report the matter to the officer-in-charge and to comply with the directions of that officer regarding the continued employment of such persons. The officer-in-charge should report the matter together with the action taken by him to the Superintendent of Excise.
199. **Fine in case of breaches of conditions of licence etc:** In case of any breach of these rules or of the conditions of the licence, or in case of any attempt by altering the capacities of receptacles or otherwise to deceive the officer-in-charge in gauging or proving, either by the contractor or by any person in his employment, it shall be competent to the Excise Commissioner to impose upon him in lieu of cancellation of the licence, a fine of Rs.5000.00 for every such breach of the rules or conditions, or subject to the control of the State Government, to impose a fine of Rs.1.00 lakh or to cancel the licence or/and declare the money, if any, deposited with the Government forfeited. It shall be lawful for the District Collector to deduct the amount of fines imposed under this clause from the sum deposited by the licensee as security for the due performance of the conditions of the licence, and for this purpose the District Collector may sell any or all the property hypothecated.
200. **Prosecution not barred by imposition of fine, cancellation of licence or forfeiture of deposit:** The imposition of a fine or the forfeiture of deposit or the cancellation of the licence under the last preceding rule shall not be held to prevent the prosecution of any person for any offence which may be committed against the provisions of the Act or other law and rules made thereunder for the time being in force and relating to the Excise revenue.
201. **Contractor convicted of excise offence may have his licence cancelled:** If a contractor shall be convicted on prosecution before a Magistrate of any offence against the Act or other law and rules made thereunder for the time being in force and relating to the Excise revenue, it shall be lawful for the Excise Commissioner to declare his licence cancelled.

202. **Fine deducted from security deposit to be replaced:** Any sum deducted under the foregoing rules by the District Collector under the order of the Excise Commissioner from the amount deposited by a contractor, as security for the due performance of his engagements shall be replaced by the contractor within fifteen days from the date of receipt of notice from the Collector informing him such deduction having been made.
203. **Contractor bound by all rules and special orders:** Contractors shall be bound by all additional general rules for the management of warehouses for the issue of spirits therefrom which may already be in force or which may hereafter be prescribed under the Act or under any law that may hereafter be enacted and by all special orders issued by the Excise Commissioner with regard to individual warehouses, and shall cause all persons employed by them in the issue, etc. of spirits to obey all such rules and orders.
204. **Recovery of sums due by contractor to Government:** Without prejudice to the procedure prescribed for recovery of dues by Section 36 of the Act, all sums due to the State Government may be recovered from the amount of deposit made by the contractor, or by sale of such pipes, vat, apparatus, manufactories and stock of liquor as is agreed to, and subject to the conditions laid down in the bond.

#### **ISSUES OF SPIRITS FROM DISTILLERIES AND WAREHOUSES**

205. **Contractor may blend or reduce spirits to prescribed issue strengths:** In order that he may be able to issue country spirits at the prescribed strengths, the contractor will be permitted, on application to the officer-in-charge to blend or reduce spirits to those strengths in such vats as may be approved for the purpose by such officer as may be empowered by the Excise Commissioner in this behalf. Blended or reduced spirits shall be kept in a separate receptacle.
206. **Only pure water to be used for reduction:** No substance, except pure water used for reducing purposes, shall be added to country spirit for supply to licensed retail vendors.
207. **Purposes for which spirit may be removed under bond:** Spirits may be removed from distilleries:-

**I. Under bond**

- (a) for transport to another distillery or manufactory;
- (b) for export to other States in India when specially permitted by the Excise Commissioner.

208. **Gauging and proving before removal:** No spirits shall be removed from any distillery or warehouse until they have been gauged and proved by the Officer appointed for the purpose. The gauging of spirits may be made either by actual measurement or by weighment.
209. **Pass for removal of spirits:** No spirits shall be removed from any distillery or warehouse save under cover of a pass issued by the Collector or officer-in-charge. In case of transit between warehouse and retail vendors of country liquor shop the procedure as laid down in Rule 157 of these rules shall be followed.
210. **Minimum quantity to be issued from distillery or warehouse:** No smaller quantity of spirits shall be issued at any time to any one of the persons mentioned below :-

Type of licence	Litres
To a wholesale vendor of Country Spirit	As mentioned in the Permit/Pass
To a licensed retail vendors of country spirit of 60° U.P.	Do

211. **Spirits to be issued only at prescribed strengths:** Country spirit will only be issued at the strengths prescribed in the licence. Half a degree above or below these strengths will be considered as correct, but the exact strength must be recorded on the cask ticket which must be attached at the time of issue to every cask.
- Variation of half a degree is allowed. The officer-in-charge must see that a sufficient stock of liquor reduced to the prescribed strength is always kept ready for issue. The reduction of the spirit to the issue strength is the duty of the distillery and contractor.

**212. Transit wastage :**

- (1) A wastage allowance of not exceeding a quarter (0.25%) percent shall be made for actual loss in transit by leakage and evaporation of spirit. The allowance shall be determined by deducting from the quantity despatched, the quantity received at the destination both quantities being stated in terms of London proof litres of spirit contents.
- (2) If the report of the officer-in-charge shows that the wastage exceeds the prescribed limit the licensee shall be liable to pay duty at the prescribed rate as if wastage in excess of the prescribed limit had actually been removed from the warehouse.  
 Provided that each case of wastage in excess of allowable limit shall be reported to the Commissioner of Excise, for orders, who may in his discretion, on good cause being shown, remit the whole or part of the duty leviable on such wastage. Such duty on deficiency shall be realized by the Collector of the district in which the excise warehouse is situated.

**INSTRUMENTS AND MEASURES TO BE MAINTAINED IN DISTILLERY AND WAREHOUSE**

213. All spirit warehouses will be provided by Government with the following measures and instruments:-

Bung-rod	-	2
Side rule	-	1
Standard thermometer	-	1
Hydrometers with thermometers-	3 sets (including one standard set).	5 litre measures
	-	3 sets (including one standard set).
Class testing jars	-	2
A large jar for standardization of hydrometer.		

214. **Testing of instrument:** One set of instruments and measures should be set apart as a standard and should not be in general use. Those in use should be compared with the former once a week by the officer-in-charge. Corrections applied to hydrometers and thermometers should be noted on a slip paper which should be pasted to the lid of the box containing the instruments. A copy of the corrections should also be kept near the testing table.

215. **Use of hydrometers:** Five stemmed glass Sikes' hydrometers 34.29 cm long must be used in warehouse. Each stem covers 20 degree of indication. For shop inspection work, single stemmed glass hydrometers of proper range of brass gilt Sikes' hydrometers may be used. These instruments must never be used to prove spirit for duty purposes and hollow stemmed hydrometers open at the top must not be used on any account. Thermometers with wooden scale must not be used in warehouse.

216. **Packing of instruments:** The following directions must be observed in packing brass and glass hydrometers :-

**I. Brass hydrometers -**

- (a) in the case of brass instruments with detachable weights, these should be wrapped up in tissue papers and made into a separate packet;
- (b) a sufficient amount of cotton, wool or soft paper should be placed over the instrument in the case to prevent any risk or displacement in transit;
- (c) the case should then be packed in a wooden or tin box. The space between this outer case and the instrument box should be sufficiently packed with paper, shaving, sawdust or other suitable elastic package;
- (d) in the case of brass instruments, the packet containing the weights should be placed in the space between the outer and inner cases;
- (e) the thermometer must be packed separately in a tin cylinder as described under II.

**II. Glass hydrometers:** Each stem should be packed in a separate cylindrical tin case whose diameter is about 2.54 cm greater than the width of the hydrometer bulb; and at least 2.54 cm longer than the hydrometer stem-

- (a) the tin case should first have some cotton wool placed in it to a depth of 2.54 cm.
- (b) the hydrometer should then be gently placed in the case, bulb uppermost (not pushed down through the cotton wool to the foot of the case);
- (c) it should then be thoroughly packed round with dry sawdust, not rammed too tightly, allowing equal distance all round between the bulb and case;

- (d) the case should then be filled with sawdust to within 1.27 cm of the top. The remaining 1.27 cm should be filled with cotton wool;
  - (e) the cap should then be put on without undue force and securely fastened. A loose cap should not be used.
- III. The tin case should then be packed in a wooden box large enough to allow each case having a good layer of sawdust to separate it -
- (a) from neighboring tins; and
  - (b) from the sides and ends of the box.
- IV. The thermometer should be packed in the same manner.

217. **Precautions to be taken in the use of hydrometers and thermometers:**

Glass hydrometer stems should be lifted from the wooden box by the large bulb and not by the narrow stem. If the bulb is at all tightly jammed in the box and the stem is used to try to raise it, there is such risk of breakage.

When it sticks, it should be taken out of use if for any reason they fall to float vertically. The presence of mercury in the upper bulb or hollow shaft does not make the readings inaccurate as long as the stem floats truly.

Thermometers should be carefully examined from time to time to see that the mercury column has not become separated in sections and that no portion of it has lodged in the wider part at the top of the stem. Should this happen, the thermometer should be securely grasped by the stem towards the top end and then sharply jerked downwards. If this fails, the bulb may be gently heated until the mercury again forms one unbroken.

218. (i) **Occasion of gauging and proving :** The contents of vats must be gauged and proved.

- (1) When there is any suspicion of fraud in respect of spirit contained in a vessel or when an accident occurs -
  - (a) in a store of vat : Before receipt of spirit and after receipt;
  - (b) before reduction or blending and after reduction or blending;
  - (c) before issue and after issue of spirit.
- (2) When there is no transaction in a vat for a week

(ii) **Gauging of vessels:** The gauging of spirit vessels and the gauging of contents of the same should be made in accordance with the instructions laid down in the Technical Excise Manual, but wet gauging should be done by withdrawal of the water as has been the method hitherto.



The permanent store casks at the warehouse for reducing purposed should be of good standard shape viz. those which must nearly approach the spherical.

In these cases the quantity measured into the cask will agree very closely with quantities found from calculation by the bung rod and slide rule.

In the proper register it will only be necessary to state the number of each cask, its capacity as found by actual measurement at the discrepancy between this and the quantity shown by bung-rod calculation at one-fourth, one-half and three-fourth, of the capacity of the cask respectively.

All casks must be properly fitted with taps of not less than three quarter of 2.54 cm internal diameter. No part of the staves must be cut out, the bung hole being left intact. The number of the cask and its capacity must be marked on the wall above and immediately behind the place where it must always be kept when it contains spirit.

The tap must be inserted in the usual place in the head of the cask close to the climb.

The bung must be stopper shaped so as to combine the advantages of a handle and bung combined.

Note : Instructions for gauging by the dry method will be found in the Technical Excise manual.

219. **Gauging and Tabulation Register:** The dimensions and drip of every gauged vessel at a warehouse are to be entered in a Gauging and Tabulation Register. This book must show on its front cover the name of the warehouse and the pages are to be examined and certified to be correct before the book is used. The requisite heading must be ruled according to example shown below:

An index must be prepared showing the name of every vessel and the page on which the dimensions and tables are entered.

When a vessel is first gauged, the date and the names of the persons who gauged it are to be entered at the top of the page on which the dimensions are inserted.

The tabulation must show how much each vessel holds at every 2.54 cm and in the case of spirit vats, at every tenth of 2.54 cm of its depth reckoning from the bottom.

The dipping place and drip of all vessels must frequently be traced in order to detect any alteration in the position of the vessel. The dates of such trials must be entered in the Gauging and Tabulation Register.

The true depth of the vessel at the dipping place as found when last gauged must be painted on the cover of the vat.

When a vessel is demolished, or its dimension or drip altered, the particulars are to be cancelled in the Gauging and Tabulation Register and underneath must be stated when the tabulation ceased to be used.

Tabulation to be examined and signed by the Superintendent of Excise. The officer-in-charge of each warehouse must copy the dimensions and tabulations into another Gauging and Tabulation Register which will be kept by the Superintendent of Excise.

No tabulation of contents is to be used until it has been examined and signed by the Superintendent of Excise.

A record of all Gauging and Tabulation Register is to be kept on the register of stores.

Spirit vessels when gauged for the first time should generally be gauged by the dry method if a depth of more than 1.5 meter and by the wet method if smaller, the gauge points in both cases being permanently marked on the sides of the vat, the dimension ascertained affording a valuable check on gauging by actual measurement. The tabulation should be recorded in the Gauging and Tabulation Register.

220. **Gauging to be done in presence of contractor or his representative:** The Superintendent of Excise should gauge and re-gauge the vats within their respective jurisdictions in the presence of the contractor or his representatives.

221. **Re-gauging of vessels:** Every vessels must be re-gauged once in two years, one-half on the vessels in each year ending the 31<sup>st</sup> March.

An opening must be prepared in the Gauging and Tabulation Register to show the dates of re-gauging.

222. **Reducing and blending:** When spirits are blended and then reduced the operation must be considered distinct.

The officer conducting the operations must see that spirits are stirred and thoroughly mixed in blending operations, and after a sufficient time has elapsed

must gauge and prove them, any wastage being entered in the appropriate column. In reducing operations, after the additional of water the whole must be similarly stirred and mixed, allowed to rest and then gauged and proved, any wastage arising being shown in the proper columns.

223. **Gauge and proof after reduction:** The subsequent gauging and proving of spirits after reducing operations should not be made, until the day following the operation and when strong over proof spirit is reduced to the strengths of issue, forty eight hours should be allowed to elapse before the gauge and proof are taken unless it should be necessary to meet an unforeseen demand for liquor. In no case should issue be made before at least two hours have elapsed from the time of adding water to the spirit, and the reduction must never be carried out in a retailer's cask.

The practice of continually blending in issue casks will be restored to as little as possible as otherwise confusion will result in the stock account. Superintendents of Excise must call special attention to cases where this practice is of frequent occurrence.

224. **Instructions for reducing strong spirit:** Reducing operations should be carried out in accordance with the formulae in the Reduction and blending tables, and the following instructions in addition should be observed :

Whenever it is practicable to do so, strong spirit intended for reduction in wooden vessels should be transferred to the reducing vessel 24 hours before water is to be added to it. Immediately prior to the addition of water, the spirit should be gauged and proved again, and the quantity of water required should be calculated on the quantity and strength thus found any loss being written off as wastage before the addition of water.

When however circumstances do not permit of spirit being transferred to the reducing vessel 24 hours before water is to be added, the following rules should be observed :-

If the wooden vessel in which reduction is to be carried out previously contained water or was grogged recently. One L.P. litre percent should be added to the quantity of spirit required according to calculation by the tables.

If the aforesaid vessel recently contained over proof spirit one half a L.P. litre percent should be deducted from the quantity required for reduction calculated according to the tables.

If the vessel recently contained under proof spirit no adjustment of the calculation contained in the table need to be made.

Provided that the reduced spirit is within half a degree above or below the prescribed strength and a reasonable time, say 48 hours has elapsed since reduction no further addition of water or spirit should be allowed.

225. **Instruction for grogging spirit casks:** Every wooden barrel in which spirit under bond has been stored in a warehouse must be grogged with water immediately after it has been emptied. Instructions for grogging are given in the Technical Excise Manual. The weak liquor obtained by grogging may be used for reduction of spirit or found to be very dirty, kept in a separate vessel for examination by superior officer, who may either send it to the distillery for re-distillation or may destroy it, if the quantity is small and if the contractors agree to it, by pouring it out on the ground. The action taken by the superior officer should be noted in the Inspection remarks book.

In order to bring the grog into the stock account a cask should be set aside for storing groggings and this should be treated as vat. A separate vat register should be opened or a part of one of the vat registers may be set aside for recording the details of receipts and disposal of its contents.

The vessel used for holding the grogged liquor should always be kept in a fixed place in the warehouse. If it is an ordinary cask kept lying on the floor it should be painted clearly with the words :

- (1) "Grogged liquor";
  - (2) Capacity;
  - (3) Bung diameter;
- (2) and (3) should previously be ascertained by actual measurement.

### **MAINTENANCE OF REGISTERS IN WAREHOUSES**

226. **List of warehouse registers:** The following registers will be maintained in excise warehouse under the Contract Supply System :
1. Pass for transport of country spirit under bond.
  2. Khatian statement of the issue of country spirit to each retail shop.
  3. Register of stores.
  4. Register showing examination of hydrometers, thermometers and measures.
  5. Register of spirits received into reduced or blended in and issued from each vat or store cask.

6. Balance account of spirits in hand and summary of transactions (similar form is to be used as periodical stock taking statement).
7. Cask-gauging register.
8. Defect register.
9. Register of daily issues.
10. Register of casks.
11. Register of casks received and of spirit issued therefrom.
12. Register of persons employed by contractors or distillers.
13. Barrel tickets.
14. Inspection book.
15. Dak book.
16. Contingent register.
17. Acquittance roll.
18. Gauging and Tabulation Register.
19. General order book.

227. **Registers of stores:** A separate heading must be reserved for each article e.g. "Instruments", "Lock", "Measures", etc. All sundry articles may be entered under "Miscellaneous".

228. **Ascertaining contents of casks by weighment:**

- (i) In ascertaining the contents of a cask by weighment special care must be taken to see that the temperature of the sample alters as little as possible before the indication is ascertained.
- (ii) **Casks to be weighed.** Casks, whether empty or full, must be weighed to within one kilogram, but in the former case the weights should be allowed to preponderate and in the latter the cask.
- (iii) **Capacity and tare to be painted on casks or drums, wire and lead seals to be provided by contractor.** The contractor or distiller must paint on the end of the drum or the cask the capacity and tare. The capacity must be ascertained in the bulk litre. The greatest care must be taken to see that these figures are accurately marked on each drum and cask. The plugs of the apertures of these drums must be secured with wire and lead seals marked A.E. The wire and blank lead seals are to be supplied by the contractors.
- (iv) **Issue of tables to show capacities of casks.** Tables will be supplied to show by inspection the capacities of casks from the net weights and hydrometer

indications. Pending the issue of these tables the capacities must be calculated by dividing the net weight by the specific gravity shown by the hydrometer tables.

- (v) **Weighing machine to be tested.** The weighing machine should be tested and proper corrections ascertained by the officer-in-charge of warehouse on each occasion before bringing it into use. The full casks will then be weighed and the net weight ascertained by deducting the tare of the vessel as shown by the distillery officer. The capacity will then be determined as provided in sub- rule (iv) above, and the details noted in the prescribed register.
- (vi) **Tare to be checked and reported.** When the drum of casks is emptied, its tare should be checked and reported to the distillery officer if the difference exceeds half kilogram.

229. **Storage vat and cask registers – Register of spirit received into, reduced or blended in and issued from each vat or store cask:** A separate register of suitable size must be kept for each vat or store cask and a separate line must be taken for each transaction in vat. Before and after any operation, the contents of the vat or cask must be gauged and proved and any deficiency be duly entered in the proper column. In racking from a gauged vessel some loss will probably be found to have occurred.

230. **Balance account of spirit and summary of transaction:** The particulars of every transaction must be entered daily in this account. It will be noted that the whole of the balance is expressed in L.P.L. The deficiencies columns must include the total deficiencies; including chargeable deficiencies otherwise the balance of spirit in stock will not be correct. At the same time the chargeable deficiency must be entered in the proper columns. The nominal strengths of issue must be inserted over the appropriate column commencing with the strongest spirit and ending with the weakest:

- (i) On the 7<sup>th</sup>, 14<sup>th</sup>, 21<sup>st</sup> and last day of each month or on the day previous, if these days fall on Sundays or public holidays, the balance account must be ruled off, totaled and balanced, the balance on hand being transferred to the left hand side of the account.
- (ii) A copy of the weekly total must be sent to the Excise Superintendent.
- (iii) This summary must be complied under the entry in the balance account, etc. for the last week or period in the month.

- (iv) On the last page in this Register a copy of each monthly total must be entered and at the end of the financial year a total for the year should be made. Immediately preceding the account for the current year should be entered similar totals for the two preceding years.

231. **Balance account and stock taking statement:** When stock is taken in a warehouse by the officer-in-charge, the copy of the statement relating to the warehouse will be sent to the Superintendent of Excise. This officer will check the statement with all connected registers on his next visit to the warehouse and will certify the correctness of the figures. Corrections (if any) should be initialed by him. In carrying out his duty the Superintendent of Excise will obtain full explanation of all deficiencies which cannot normally be accounted for and of all wastages exceeding the prescribed allowance. He will forward the statement through the District Collector to the Excise Commissioner with his remarks, together with any explanation if it may be necessary to obtain from the stock taking officer.

The quarterly stock taking should include all transactions from the beginning to the end of a quarter. Intermediate of inspection stock taking by superior officers will be from the date of last stock taking, whether it be a quarterly or inspection stock taking.

232. **Register of casks:** For making entries in this register, the contents of the casks may be ascertained by measurement in bulk litre or by weighment.

233. **Register of casks received and of spirits issued therefrom: Procedure of receiving spirit into warehouse :** At a warehouse all the headings in the register must be filled up with the required particulars :

- (i) Whenever any spirit is to be withdrawn from a cask entered in this register the officer-in-charge of the warehouse will take the "Cask-gauging Register", and enter therein the particulars of withdrawal. The quantities shown by barrel ticket should always agree with the last entry relating to that cask in the "Cask gauging Register". The wastage in L.P.L. which has occurred since the last issue must be noted in red ink in columns 29, 31, 33 etc. immediately below the quantity withdrawn.
- (ii) The columns in this register are to be used consecutively, irrespective of the number of the cask. The L.P.L. withdrawn must then be entered at once on the "Issues" side of the Register of casks received, etc. and opposite the

appropriate cask. Every cask should be emptied consecutively, if possible, commencing from the top of the page and so on to the bottom. Any cask which is found to be leaking should, of course, be emptied at the earliest opportunity.

- (iii) When all spirit has been withdrawn from a cask it should be gorged at once in accordance with the instructions and the quantity of water added should be noted in the spaces provided in the Cask-gauging Register.
- (iv) When the grog is removed from the cask, the quantity in L.P.L. should be noted in the spaces provided in the Cask-gauging Register.
- (v) In a warehouse where the whole consignment of casks is racked into storage vat the particulars required under the heading "As advised in dispatch account" and "As received" will be duly inserted. If the casks are racked into vat within 24 hours of receipt no fresh account of the contents need be taken prior to racking, but if kept longer than that time a fresh account must be taken and the details of gauging of each cask must be entered in the "Cask- gauging Register" and thence be transferred to the "Issues" side of the "Register of casks received, etc.", any further wastage in casks being then accounted for prior to racking.
- (vi) When casks are racked into vat the total bulk and L.P.L. found in the casks by bung rod measurement or by weighment must be entered in the "Receipts" columns of the "Register of spirit receiving into vat, etc." The discrepancy between the cask account and the quantity found in the vat must then be entered as an "increase" or a "deficiency" in blending as the case may be.

### **BOTTLING SYSTEM IN COUNTRY SPIRIT WAREHOUSE.**

234. **Call for tenders :** Tenders for bottling of country spirit in the warehouse within a specified area for a specified period will be called for by the Excise Commissioner 6 months before the date from which contract will take effect.

Provided that the State Government may, if circumstances so require, direct that tender be called for by the Excise Commissioner within a lesser period than 6 months specified above.

235. **Application for licence :** Any person tendering for a licence specified in Rule 234 shall apply in writing to the Excise Commissioner furnishing all the particulars prescribed in Rule 238 below after registering himself/herself with the Commissioner



of Excise on payment of a fee as may be prescribed by the State Government from time to time.

236. **Right of State Government to grant licence to any person:** The Excise Commissioner shall forward the tenders with his recommendations to the State Government which reserves to itself the right to accept any tender. If none of the tenders are accepted by the State Government on the ground that none of them, on due consideration; appears to be satisfactory they reserve also the right to grant the licence to any person without calling for tenders.
237. **Period of licence:** The licence granted to a contractor shall be in a prescribed form, and shall ordinarily be for a period of three years; but in exceptional cases a longer term, not exceeding five years or a shorter term, may be fixed.
238. **Particulars to be furnished by the tenderers:** The tenderers will furnish the particulars as mentioned in the Notice Inviting Tenders.

## **SETTLEMENT, LICENCES AND FEES ETC. OF COUNTRY**

### **SPIRIT SHOPS. SETTLEMENT.**

239. **Methods of settlement:** (1) Settlement of country spirit shops shall be made by "auction through sealed tender" or by any other method as may be directed by the State Government.
- (2) The sale notice shall contain *inter-alia* the reserved minimum Vend Fee and Minimum Guaranteed Quota (MGQ) of Country Spirit for a particular shop.
- (3) The term of settlement shall be for a period of three consecutive years subject to renewal of licence as per provisions contained in rule 137 and 138 of these Rules and subject to increase in the Minimum Guaranteed Quota (MGQ) of Country Spirit by 6% over the previous year.
- (4) The shop shall be settled with the tenderer offering the highest vend fee and highest minimum guaranteed quota of Country Spirit, by the Collector of the district, on recommendation of the Advisory Committee set up under sub-rule (1) of rule 249 of these Rules.
- (5) The tenderer with whom a particular shop is settled shall be bound to lift the Minimum Guaranteed Quota (MGQ) of Country Spirit by the end of every year when

the renewal is due. The annual minimum guaranteed quantity of Country Spirit shall be distributed over twelve months and the Quota fixed for a month must be lifted by the last working day of the month.

(6) The District Collector, after the settlement as per above rules, shall cause to be verified the data submitted by the tenderers before issue of licence on payment of licence fees as provided in rule 249 (17)(a) of these Rules. In case of submission of any false data by the tenderer, the settlement so made shall be cancelled forthwith and the security deposit paid by the tenderer shall be forfeited.

(7) The Advisory Committee shall recommend the tender offering the Highest Vend Fee Factor(HVFF) calculated by multiplying the Vend Fee offered by the tenderer with that of the Minimum Guaranteed Quota (MGQ) of Country Spirit in a year as offered by the tenderer for that particular country spirit shop.

240. The District Collector shall cause to be prepared lists of the shops in the prescribed form proposed to be licensed during the ensuing term not later than 6 months or such lesser period as may be determined by the Excise Commissioner, before the date of commencement of the next term of the licence to be issued. The site of the shops shall be precisely indicated in the said list. No new name shall be entered in the list and no change of site of an existing shop shall be made until the necessity thereof has been established after a local enquiry held by the District Collector himself or by any Excise Officer authorized by the District Collector.

241.(1) The District Collector shall give wide publicity and shall send to the Mayor or Chairman, as the case may be, of each Corporation/Municipal Board/Town Committee and the Chief Executive Councilor of the Mahkuma Parishad in his jurisdiction an extract from the list prepared under Rule 240 supra showing the shops within the limits of the Corporation/Municipality/Town Committee or Mahkuma Parishad concerned. On receipt of the extract, the Mayor or Chairman of the Corporation/Municipal Board/Town Committee or Chief Executive Councilor of the Mahkuma Parishad shall forthwith cause a copy thereof to be displayed on the notice board of their respective offices inviting any person who desires to make objections to file written statement on the grounds of such objections within 15 days of the dates of the notice.

(2) The list of shops, together with the objections, if any, thereto, shall be considered by the Mayor, Chairman or the Chief Executive Councilor, as the case may be, and shall be forwarded to the District Collector with such remarks as the Mayor, Chairman or

Chief Executive Councilor may desire to make. If within one month of sending the extracts under sub-rule (1) above, no communication is received by the District Collector, it will be presumed that there is no objection to the proposed list. The District Collector may either himself hold or depute a gazetted officer to hold local enquiry on the objection as may be received.

242. The District Collector shall also cause lists of the proposed shops for the retail vend of liquor to be displayed at the District and Sub-divisional offices, Sub-Deputy Collector's Office, Block Development Officer's offices, Mahkuma Parishad Offices, Gaon Panchayat Offices and any other prominent public places as he may consider necessary. Such lists and notices will contain an intimation that any petition of objection filed before the District Collector within 15 days of the date of notice will be considered. On receipt of any objection, the District Collector shall cause a local enquiry into such objections.
243. The District Collector shall consider (a) the report of the Mayor or Chairman as the case may be of the Corporation/Municipal Board/Town Committee or Chief Executive councilor of Mahkuma Parishad, (b) the objections (if any) to the list of the proposed shops, and (c) the record of the local enquiries held under rules 241 and 242 and shall take a decision on the subject which shall be final subject to any decision of any competent court or of the Excise Commissioner or State Government on appeal.
244. Corporation, Mahkuma Parishad, Municipal Board/Town Committee shall also be used as the medium through which the Collector may consult the public matters connected with excise administration. It shall also be open to the corporation, Mahkuma Parishads and Municipal Board/Town Committee to address the Collector on their own initiative in matters such as questions concerning methods of trading, hours of sale, excise abuses and irregularities fall within the scope of this rule. This rule, however, shall not apply to matters which are technical, disciplinary or purely administrative in nature, if the subject matter of a Corporation's, Mahkuma Parishad's or Municipal Board's/Town Committee's recommendation is beyond the competence of the Collector, he shall forward it to the Excise Commissioner within his opinion. The Excise Commissioner shall refer the case with his opinion to the State Government for necessary action.

245. The list of the shops proposed on or before the 1<sup>st</sup> day of November for settlement, finalized after observing the above rules, shall be forwarded to the Excise Commissioner in the prescribed form with a report stating the grounds for the inclusion of such new shops, deletion or such alternations in the sites of existing shops as may be recommended.
246. (1) The settlement proposal shall contain the name of country spirit shops, Police Station, Last term's vend fee per LPL, Minimum Guaranteed Quota (MGQ) of country spirit for the individual shops, 15 day's estimated consumption in LPL against each shop in prescribed format. The settlement proposal shall also contain quantities and retail price of country spirit sold during the current year and the estimate of profit made or loss incurred in working the shop during the current year.
- (2) The settlement proposal shall contain the list of reserved minimum Vend Fee and Minimum Guaranteed Quota (MGQ).
- (3) In respect of tie on Highest Vend Fee Factor(HVFF) between a number of tenders for a particular shop, the settlement shall be finalized by draw of lotteries.
- (4) The term of settlement shall be for a term of three years subject to annual renewal with 6% increase in Minimum Guaranteed Quota (MGQ).
- (5) The opening, shifting and closure of any country spirit shop shall be done by the District Collector with the previous sanction of the Excise Commissioner.
247. On receipt of Excise Commissioner's sanction to the Deputy Commissioner's proposal the settlement of shops may be made in accordance with the procedure laid down in the rules below.

#### **PROCEDURE FOR SETTLEMENT**

- 248 (1) The District Collector or the Sub-divisional Officer as the case may be, shall call for tenders for any shop or class of shops in the area falling within their respective jurisdiction in the form as prescribed by the Excise Commissioner. Tenders not containing all the particulars shall be liable to be rejected.
- (2) Each tender must bear court fee stamp of Rs.24.75 or any other amount as may be prescribed by the State Government.

- (3) Each tender shall be for a single shop, but any person may submit separate tenders for any number of shops. The tenders are not transferable from one shop to another.
  - (4) Sale notice calling for tender for country spirit shop shall be issued at least one month or any lesser period as may be fixed by the Excise Commissioner before the date on which the term of the existing settlement expires. The date of receipt of the tenders and the date of settlement shall be mentioned in such notice, provided that the date of settlement shall be at least a month before the date on which the term of the existing settlement expires unless otherwise directed by the Excise Commissioner. (5) Dates so fixed shall be reported to the Excise Commissioner and communicated to the District Collectors and also to Sub-divisional Officers of neighbouring sub-divisions in other districts. The sale notices in the prescribed form should be as widely circulated as possible, as provided in Rule 242 supra and the list of shops to be sold should be open to general inspection at the offices of the District Collectors and Sub-divisional Officers as the cases may be and should also be appended to the sale notices.
- 249.
- (1) The Collector shall make settlement of the Excise shops in consultation with an Advisory Committee of not more than five non-official members including representatives of the Scheduled Castes, Scheduled Tribes and Other Backward Classes.
  - (2) The invitation to the members should be issued on the day fixed for the settlement and all possible precautions shall be taken to ensure that their names are not divulged. In selecting the members of the committee care should be taken to select such persons as are known to have a distinct sympathy for the advancement of the cause of temperance and prohibition and faith and the principles of social justice. No person who is known directly or indirectly to have or who is likely to have any interest in any excise shop or in any excise business or in any person doing such business shall be invited.
  - (3) Tenders received from persons in the "Debarred List" or from person who are not citizens of India as defined in Articles 5 to 8 of the Constitution of India shall not be considered by the Advisory Committee. All other tenders should be considered by the Committee but shops shall not be settled with persons of bad moral character or with persons who may be considered undesirable.

- (4) Settlement of a shop shall have to be made by selection from amongst the tenderers for that particular shop, and the tenderers so selected shall also be financially sound to run the shops.
- (5) The settlement of all shops shall be subject to the express condition that the licensee will be personally responsible for its working and proper functioning.
- (6) (i) No person shall be allowed to own more than one Excise shop at a time. If any person is found to get settlement of more than one shop, he should surrender such shop retaining only one. The surrendered shop shall be resettled at his risk and any loss suffered by the Government on account of such re-sale shall be recovered from him.  
(ii) No shop shall be put up for settlement in a lot with another shop unless the previous sanction from the Excise Commissioner has been obtained.
- (7) No shop shall be settled with anyone who has not tendered for the shop within the notified time. Whenever it is found that no tender has been received for a shop within the notified time or where a suitable person from amongst the tenderers is not found for settlement, a fresh notice shall be issued inviting tenders for such a shop; provided that a notice of ten days will be sufficient in such cases. The same procedure will be followed at the re- settlement of shops.
- (8) Persons belonging to one joint family shall not be allowed to have more than one shop between them.
- (9) Settlement shall be made on the express condition that if any shop is closed at any time during the currency of the licence as a result of the operation of temperance or prohibition policy of the Government or otherwise, the lessee will not be entitled to any compensation on that account
- (10) On the day of the settlement the excise shops shall be taken up for settlement separately and ordinarily in the order specified in the sale notice. A person with whom a shop has been settled shall pay the security deposit as provided under Rule 268 of these Rules immediately on announcement of the result of the settlement; provided that the Collector in exceptional circumstances may grant 3 (three) days time to make such deposit. On his/her default to pay the deposit, the shop shall be resettled giving only 10 (ten) days notice. An annual licence fee as may be prescribed by the Government from time to time shall be realized before issue of the licence.
- (11) If a successful tender who has paid security applies to withdraw from the transaction before the time comes for opening his/her shop, he/she may be

allowed to do so on forfeiture of the security already deposited but without further penalty. The shop will then be resettled giving only 10 (ten) days notice and the person so withdrawing shall be debarred from taking part in the resettlement.

- (12) If for any reason a licence, after the settlement has been held is refused to the persons selected the security deposited by him/her will be refunded.
- (13) Tenderers for country spirit shops in the districts contiguous to Nagaland, Meghalaya, Mizoram, Manipur, Tripura, Arunachal Pradesh, West Bengal, Bangladesh and Bhutan are prohibited from holding any interest, direct or indirect, in liquor shops in these States and territories. Infringement of this condition will result in the cancellation of the licence granted, together with any other penalty prescribed under the Act or Rules.
- (14) The settlement with the accepted tenderer is contingent on a no objection certificate being granted by the District Magistrate to his or her character or conduct.
- (15) A person with whom a shop has been settled shall sign his/her name or if he/she is illiterate affix his/her thumb impression immediately opposite the statement of the fee in the bid book on the day on which the settlement is made.
- (16) After the settlement has been concluded, no alteration in the serial number of shops or in the fees paid therefore shall be made without the previous sanction of the Excise Commissioner.
- (17) Officers making settlement shall personally verify, at the close of settlement, by personal communication with the Treasury Officer, that the amount of annual licence fees and the security deposit payable in advance as prescribed by the Government from time to time have been paid. As far as possible, sums deposited should be entered in that day's accounts, but when this is not possible amount paid late is to be kept in sealed bags in the Treasury and brought to account the next day.
- (17) (a) Licence Fee at the following rates for the retail sale of Country spirit for each shop shall be realized before grant of licence:
  - (i) A shop with average monthly sale Rs.30,000.00 of country spirit during the previous term upto 1000 LPL;
  - (ii) A shop with average monthly sale Rs.60,000.00 of country spirit during the previous

term above 1000 LPL but not exceeding 2000 LPL;

- (iii) A shop with average monthly sale Rs.1,00,000.00 of country spirit during the previous term above 2000 LPL but not exceeding 4000 LPL;

- (iv) A shop with average monthly sale Rs.2,00,000.00 of country spirit during the previous term above 4000 LPL;

**(b) The annual renewal of licence fee to be received by the last day of February:** All applications for the renewal of licences shall be received in the office of the Deputy Commissioner of the district (Excise Branch) on or before the last day of February every year along with licence fee, payable for the renewal of licence for the next year. In case of delay, the Deputy Commissioner may admit such applications on or before 31st of March of the year, for the renewal of licence for the next year, provided that there are good and sufficient reasons for the delay and on payment of additional fee of ten(10%) percent of the prescribed licence fee:

Provided that the application for renewal of licence may be admitted on or after the 1st day of April of the year for which renewal is sought, if there are good and sufficient reasons for the delay, on payment of additional fee of fifty (50%) percent of the prescribed licence fee for the year:

Provided further that in respect of the cases falling under the above proviso, the licence shall cease to have effect with effect from the 1st day of April till the date of submission of renewal fee of licence alongwith the additional fee.”

- (18) The District Collector or Sub-divisional Officer by whom the settlement is made shall deliver each licence to the person entitled to receive it, after satisfying himself that the amount of security and licence fees have been duly deposited. He shall take the receipt on the counterfoil of the licence. In these cases, where the licensees are illiterate, and unable to sign, their thumb impressions shall be taken on the counterfoil.

250. The District Collector is required to preside at the sales held at district headquarters, and the Sub-divisional Officers at those held at the headquarter of a sub-division. In the absence of the District Collector or the Sub-divisional Officer, as the case may be,



such other person as may be authorized by the District Collector or the Sub-divisional Officers, as the case may be, shall preside at the sales. Sales of Sub-divisional shops will ordinarily be held at the headquarters of the sub-division, but in exceptional circumstances the sales of all or any of the shops in a sub-division, may, with the previous sanction of the Excise Commissioner, be held at the headquarter of the District. In such cases, the District Collector who shall preside at sales may require the Sub-divisional Officer concerned to be present to assist him at the sales. The Superintendent of Excise, or in his absence, an excise officer not below the rank of a Deputy Superintendent of Excise should invariably attend all settlements and shall act as an expert advisor to the District Collector or Sub-divisional Officer, as the case may be, in making the settlements.

251. The Presiding Officer shall be on his guard against combination of tenders at the time of settlement. Benami transactions shall not be permitted. The Presiding Officer may also refuse to consider tenders submitted by undesirable persons.
252. The result of the sales shall be reported to the Excise Commissioner in the prescribed form directly after the conclusion of the sales. Result of sales held at sub-division will be forwarded separately for each sub-division through the District Collector.

#### **MISCELLANEOUS RULES REGARDING SETTLEMENTS.**

253. Licences shall not ordinarily be granted on re-settlement to persons who have resigned or committed a default in respect of payment of security in respect of opening a shop on settlement or with the partners of such persons; but this provision does not apply in the case of resignations under Rule 261 or 315.
254. After the settlement has been made no change of site of any Excise shop shall ordinarily be made except with the previous sanction of the State Government.
255. Notwithstanding anything contained in these rules the settlement of any country spirit shop may in exceptional circumstances be made by the State Government directly with any suitable person in conformity with such procedure or on such term or for such period as the Government may decide from time to time.
256. (1) Settlement of country spirit shops shall be made giving adequate representation to the Scheduled Castes and Scheduled Tribes. Of the total number of shops to be settled in a sub-division, a minimum quota of such shops to be settled with persons belonging to Scheduled Castes and Scheduled Tribes shall be fixed on the basis of population of those communities in the Sub-division.

- (2) In making settlement to any person preference shall always be given to the educated unemployed youths or to co-operative and co-operative firms formed by such educated unemployed youth. Preference shall also be given to the person belonging to the more backward class, tea garden labourer, ex- tea garden community and economically backward sections.
- (3) The dependents of the persons who held any country spirit shop for a total period of ten consecutive years shall not be entitled to settlement of such or any other country spirit shop.

Note: The term “educated unemployed youth” as mentioned in sub-Rule (2) of Rule 256 means a person not exceeding 38 years of age who has passed the

H.S.L.C. or its equivalent examination and is without any employment.

257. **Qualification of a tenderer:** The officer conducting the settlement, in consultation with the Advisory Committee, may however, take into consideration other factors, such as the possession by a tenderer of a good moral character, the suitability of a tenderer on other grounds for a particular shop, or the need of breaking up a combination.

**Note** I. If any of the sitting lessees is given settlement of a shop he shall share the quota of the community to which he belongs.

II. Relatives of all Government officials who have duties in connection with excise settlements are prohibited from bidding for country spirit shops.

The term “Government Officials” means –

- (a) Those who have anything to do with Excise administration in a district or in a sub-division.
- (b) Those who have anything to do with supervision of work in the Excise office.
- (c) Those who have anything to do with the trial of Excise

cases. The term “Relatives” means –

- (i) Father, grand-father, son, brother, brother’s son, sister’s son, paternal uncle, paternal uncle’s son.
- (ii) Maternal uncle, maternal uncle’s son.
- (iii) Father-in-law, Brother-in-law.

Note. III Introduction of relatives of Excise officials in Excise mahals should be discouraged.

**258. Settlement of big excise shops with partners:**

- (a) The settlement of country spirit shops which may be considered by the Government to be big shops, shall be made with two or more partners.
- (b) The partners shall not belong to the same family nor one of the partners be related to another as defined in Rule 257.
- (c) The partners shall submit the tenders jointly which shall be signed by them all and shall submit an affidavit with the tender sworn before Magistrate, First Class to the effect that they do not belong to the same family and that none of them is related to any other of the partners.

Notwithstanding any other agreement amongst the partners, all the partners shall be jointly and severally responsible for the management of the shop and shall be liable for any violation of any provision of the INDIA Excise Act, 2000 and the rules made thereunder or any term or condition of the licence including the penal provisions.

The partners shall execute an agreement amongst themselves as to the management of the shop in conformity with the above condition and with the rules and instruction issued/made under the INDIA Excise Act, 2000. The agreement shall be registered in the Sub-Registrar's office after the settlement is made with them and be submitted to the Deputy Commissioner for record.

Failure to comply with the above provision shall terminate the settlement.

**259. Tenure of settlement:** Shops will be settled for 3 years only.

**260. Working of a shop by the licensee himself:** Unless otherwise ordered in any particular case by the Deputy Commissioner, the settlement of all shops shall be subject to the condition that the licensee will work the shop personally and be personally responsible for its working.

**261.** After the settlements have been made a new shop within a radius of 5 km. will not ordinarily be opened during the term of settlement. In special cases and with the sanction of the Excise Commissioner in each case, the number of shops may be increased; provided that when a new shop is opened, it will be optional to any holder of a licence if his shop be within 5 km. of the new shop, to surrender his licence without forfeiting his advance deposit or security. The District Collector or

Sub-divisional Officer, as the case may be, with thereupon re-settle the shop by the tender or otherwise, as the case may be.

262. No person who held a licence of any country spirit shop for a period of ten consecutive years shall be eligible to get settlement of any such or other country spirit shop.
263. **Prohibition of interest in District of Cooch Behar and States of Tripura, Nagaland, Meghalaya, Arunachal Pradesh, Mizoram, Manipur, Bhutan and Bangladesh:** Bidders of tenders for country spirit shops in State of INDIA are prohibited from holding any interest, direct or indirect, in liquor shop in these States. Infringement of this condition will result in the cancellation of the licence granted, together with any other penalty prescribed under the Act, rules or licence.
264. **Official Vendor:** If the non-settlement of any retail Excise shop is due to combination among vendors, or to absence of tenderers or to any other extraordinary but valid reasons, the Excise Commissioner on a report of the District Collector or the S.D.O. as the case may be, may in his discretion, either sanction temporary closure of the shops, or appoint an official vendor to manage the shop. The appointment of official vendors which should be resorted to only in exceptional cases, shall be reported to the State Government. The remuneration to be paid to an official vendor will be fixed by the Excise Commissioner in each case with reference to the sales affected and it may take the form either of a fixed monthly salary or of a Commission on sales.

### DEBARMENT INSTRUCTION

265. **Procedure for dealing with cases of debarment of licensees:**
- (1) If an offence is of such a serious character that it leads to the cancellation of a licence the question whether the licensee should be debarred permanently or for a period of years should ordinarily be decided at the time the order of cancellation is passed and included as a part of that order.
  - (2) No order of permanent or temporary debarment should be passed in a miscellaneous case concerning an existing lessee unless that orders in such case provided for the cancellation of the licence. The object of this instruction is to ensure that so far as possible, no person should continue to hold a shop

when he knows he has no chance of obtaining settlement in the following year.

- (3) Apart from orders of debarment passed as the result of particular miscellaneous or judicial case lessees may be debarred for other valid causes, such as an accumulation of lesser offences, financial unsoundness, reasonable suspicion of being connected with the smuggling traffic, benami management, etc. Order of debarment under this instruction should not however be made without full consideration of the actual records and brief reasons for the order of debarment should always be noted (if necessary, confidentially). As it is unwise to keep a lessee who has been debarred from obtaining settlement in the following year in charge of a shop for longer than absolutely necessary, orders of debarment under this rules should normally be made about the same time as tenders are invited for the following years settlements but no person should be debarred for these settlements after the date fixed for the receipt of tenders.
- (4) Orders of debarment under the above instructions may be made by either a Deputy Commissioner or Sub-divisional Officer but in all cases the order of a Sub-divisional Officer will be subject to confirmation by the Deputy Commissioner.
- (5) A list of persons with whom shop will not be settled in the following year referred to as the "Debarred List" should be prepared every year by Deputy Commissioner and Sub-divisional Officers. The Debarred lists should be completed at least a week before the date fixed for receiving tenders and all prospective tenderers should be advised before submitting their tenders to consult this list, which will be open to inspection on request. The object of this rule is to prevent debarred persons from submitting tenders which under the Settlement Rules cannot even be considered. The Debarred List should include not only the names of those persons who have been debarred by the Deputy Commissioner or Sub-divisional Officer of the district of sub-division concerned (the orders in the later case having been confirmed by the Deputy Commissioner) but also so far as possible the names of persons who have been debarred in other districts. It is recognized that owing to the different dates of settlement in different districts it will not be possible in all cases for a district officer to forward to other district officers his complete Debarred List but so much of the list as is ready and will be in time to be useful at the settlements in other district should invariable be sent.

**266. Licences for wholesale of country spirit :**

- (1) Licences for the wholesale of country spirit to the excise spirit warehouse shall be granted by the Excise Commissioner with prior approval of the State Government for a period not exceeding three years at a time on prepayment of annual licence fees as may be prescribed by the Government from time to time.
- (2) Licences for the retail sale of country spirit shall be granted by the Collector for a period not exceeding three years at a time on prepayment of annual licence fees as may be prescribed by the State Government from time to time.
- (3) Notwithstanding anything contained in the said rule, the State Government may extend the term of the licence of any wholesale or retail sale of intoxicant for a period not exceeding three months at a time under such circumstance as the State Government considers necessary.

Licence fees shall be realized proportionately for extension of the term of licence of wholesale or retail sale of intoxicant or adhoc appointment of a spirit contractor.

267. Licences for bottling of country spirit in warehouse shall be granted by the Excise Commissioner for a term of three consecutive years or for any shorter period commencing from the first April or from any other date as may be specified by the State Government from time to time on prepayment of annual licence fees as may be prescribed by the State Government from time to time as per provisions of Rule 234 to 238.

268. **Security deposit :** In addition to annual licence fees, an advance deposit shall be realized from the wholesale, retail sale and bottling licensee of country spirit as security. The amount of security deposit for the wholesale and the bottling licensee to be fixed by the Excise Commissioner shall be equal to one month's average bill amount of such licensee. The Collector will fix the security deposit amount for the retail vendor of country spirit which will be equivalent to one month's Vend Fee on monthly Minimum Guaranteed Quota (MGQ). The security deposit will be liable to be forfeited for breach of any of the conditions of the licence or infringement of any of the Excise Rules. If not forfeited the security deposit will be refunded towards the end of the term of licence.

269. **Duty on country spirit:** Excise duty shall be levied on country spirit,
- (a) Before removal from an Excise warehouse in the territories to which the Act applies for transport to the premises of a licenced retail vendor in the areas to which the Act applies at the rate of Rs.40.00 (Rupees forty only) per LPL.
  - (b) When exported from the territories to which this Act applies to any place outside such territories at the rate of Rs.40.00 (Rupees forty only) per LPL.

270. **Fees for transport of Rectified Spirit:** A fee for transport of Rectified Spirit to another Country spirit Excise warehouse shall be levied at the rate of Rs.10.00 (Rupees ten only) per BL.

#### **MISCELLANEOUS RULES REGARDING COUNTRY SPIRIT**

271. **Strength of country spirit:** Country spirit shall be supplied by licensed manufacturers or wholesale vendors thereof to licensed retail vendors of such spirit and sold by such retail vendors at the strength of 60<sup>0</sup> U.P. provided that with the sanction of the State Government spirit of only one strength may be stocked and sold at any shop. Provided also that supply at strength not exceeding half of degree above and below the aforesaid strength shall be deemed to be supplied at such strength.
272. **Fixed retail prices of country spirit:** The holder of a licence for the retail sale of country spirit shall not sell such spirit at prices higher or lower than the rate fixed by Government from time to time.
273. **Inspection of country spirit shops:** In inspecting retail country spirit shops it will be the first duty of the inspecting officers to prove the strength of all spirit found in a retail vendor's shops and next to ascertain whether the quantity agrees with that shown in the shop accounts. Any serious violation regarding dilutions of country spirit must be at once reported to the Superintendent of Excise or Deputy Superintendent of Excise as the case may be and the diluted spirit should be attached. A sample bottle should be sent to the warehouse or to the Chemical Examiner (Excise), INDIA for chemical analysis. The sample shall be taken in presence of the licensee or his agent. If the strength be found in order the attached spirit shall be released.

274. **Regulation of supply of country spirit in bottles or in human grade plastic pouches:** The supply of country spirit in bottles or in plastic pouches will be regulated as follows -
- (1) The supply of country spirit to the retail licensed vendors will be supplied in ready filled and sealed bottles or pouches from the manufactory of the Excise warehouse at places approved by the State Government.
  - (2) **Size of bottles:** The bottles and pouches shall be graduated and of a size to contain 750 ml and 500 ml for glass bottles and plastic pouches respectively.
  - (3) **Bottling or packaging:** The bottling or packaging of country spirit shall be done by the contractor at 60 degree U.P. Each bottle and pouches shall be effectively and securely sealed with pilferage proof crown cork and labeled to show the strength of the country spirit. The words "INDIA EXCISE" shall be inscribed on the cork and the label.
  - (4) **Packing of bottles:** The bottles and pouches will be packed in warehouse by the contractor in wooden or plastic boxes approved by the Excise Commissioner. Twelve quart bottles being packed in a case or box. The contractors will then seal each box with signboard or similar binding and mark clearly on the outside of each box the quantity and strength of the liquor contained therein with signature of the officer-in-charge.
  - (5) **Duty etc:** The cost price of liquor, duty thereon, vend fee and bottling charge shall be paid by the retail vendors.
  - (6) **Monthly payment of spirit cost price and bottling charges to the spirit and bottling contractor of country spirit:** The spirit supply and bottling contractor of country spirit shall be entitled to receive monthly the total amount deposited in their favour as spirit cost price and bottling charges during the preceding month. The amount due from the spirit supply and bottling contractor such as godown rent and any other dues may be paid by deduction from the amount of spirit cost price and bottling charges which is refundable to him by the State Government.

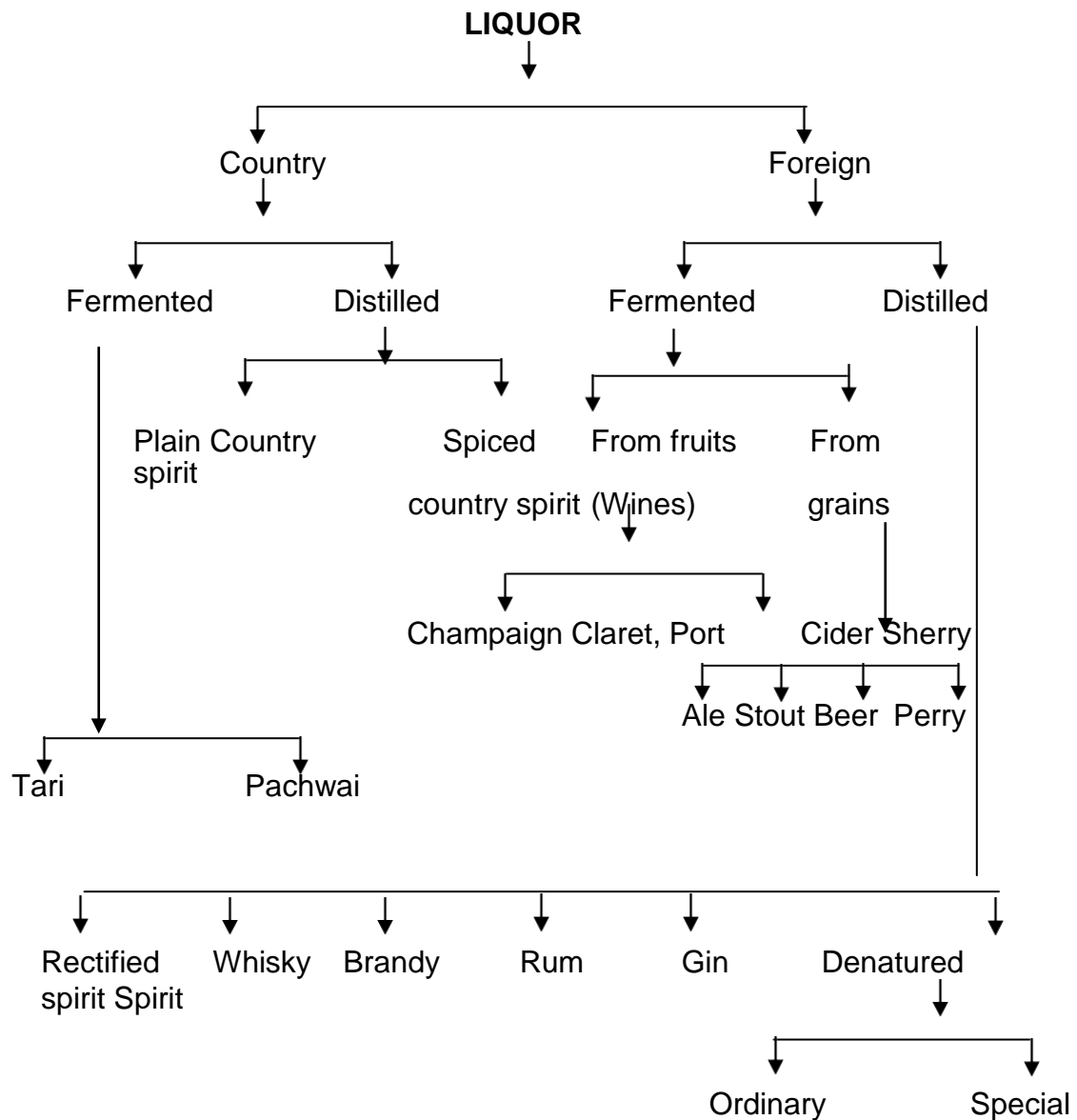
### **PART – III**

#### **COMMON RULES FOR FOREIGN LIQUOR AND COUNTRY LIQUOR**

275. **Classification of liquor:** For Excise purposes all liquor is either country liquor or foreign liquor.



The following table indicates the classification of “Liquor” in its various forms:



276. **To whom spirit may be issued for local consumption or use:** Spirit may be issued for human consumption or for industrial use only:

(a) In the case of foreign liquor (excluding denatured spirit and rectified spirit):

- (i) to licenced vendors of foreign liquor, holding a permit from the Collector to obtain liquor from the warehouse.
- (ii) to any person for his own consumption and not for sale and holding a pass from the Collector to obtain liquor from the warehouse,
- (iii) Mritasanjibani – to a person licensed to sell medicated wines and holding a permit to obtain such preparation from the distillery.

- (b) In the case of country spirit: to persons holding licences for sale of such spirit or for the possession of such spirit for commercial purposes in excess of the quantity fixed as the limit of private possession and holding a permit from the Collector to obtain such spirit from the distillery or warehouse.
  - (c) In the case of denatured spirit: to persons holding licences for sale of such spirit or for the possession of such spirit for business purpose in excess of the quantity fixed as the limit of private possession and holding a permit from the Collector to obtain such spirit from the distillery or warehouse.
  - (d) In the case of rectified spirit:
    - (i) to chemist or druggist requiring such spirit for the manufacture of drugs, medicines or chemicals and holding a permit from the Collector to obtain such spirit from the distillery or warehouse.
    - (ii) to persons holding a licence for compounding and blending foreign liquor and holding a permit from the Excise Commissioner to obtain such spirit from the distillery or warehouse.
    - (iii) to a person holding licence for the manufacture of perfumery and toilet preparations consisting of or containing alcohol and holding a permit from the Excise Commissioner to obtain such spirit from the distillery or warehouse.
    - (iv) to person holding permit from the Collector to obtain such spirit from the distillery or warehouse for manufacture of homeopathic medicines;
  - (e) On payment of duty: For local consumption or use.
  - (f) Duty free: without payment of duty and without bond:
    - (i) If issued to Government, local board and Municipal hospitals and dispensaries, the indent being signed or countersigned by the Chief Medical Officer.
    - (ii) If issued to private hospital and dispensaries and other medical institutions as and conducted on charitable lines which is certified on the indent by the Chief Medical officer or by any other officer empowered in this behalf by the State Government as being entitled to the supply free of duty.
- Note: Bad and unsuitable spirit should never be issued.

277. **Prohibition of import of intoxicants in certain cases:** The Government of INDIA may, by special order, prohibit the import of any intoxicant whatsoever into the territories to which the Act applies from any other State or country.
278. **Prohibition of publication and entry of newspaper, periodicals, journals etc:** No person shall:
- (i) Publish or display advertisement of liquor or intoxicating preparations in any electronic or print media including television, mobile phone, social networking site, newspaper, periodicals, journals, hoardings, banners etc. in the area to which the Act applies,
  - (ii) import or possess any newspaper, journal, periodical etc. if they contain advertisement of liquor or of any preparation of intoxicating liquor.
279. Licence for the sale of foreign liquor for consumption “ON” or “OFF” the vendor’s premises shall be granted only in places where there is proven demand on the part of a class of drinkers accustomed to foreign liquor, e.g. in large industrial and business centers, or in urban areas where there is a class of consumers specially accustomed to drinking such liquor.
280. Licence for the sale of foreign liquor and country spirit on the same premises shall not be granted.
281. The numbers of licences which may be granted for any local area shall be regulated by the needs of the people of that area, and no licence for the sale of any intoxicant in any area shall be granted unless it is required either to meet an ascertained demand for such intoxicant by the consuming classes or to contract supply of any intoxicant through illicit sources.
282. **Stamp duty on licences and counterpart:** No stamp duty is leviable on excise licence. But the counterpart of a licence which is given to Government being an agreement, is liable to the stamp duty which may from time to time be chargeable on agreement as described in Article 5(c) of the Indian Stamp Act, 1899 (Act II of 1899).
283. **Issue of duplicate copy of licence:** If the original licence is lost, a duplicate copy may be issued on payment of 10% of the licence fee for that particular licence.

284. **Issue of licence in the name of registered company or firm:** No licence shall be issued in the name of a Company or firm unless such company or firm is registered under the Indian Companies Act, 2013, INDIA Co-operative Societies Act, 1949, the Societies Registration Act, 1960 or otherwise incorporated. When a licence has been granted to an unregistered private company or firm, licence should be issued in the names of the individuals as representing the corporate body and not the corporate body itself. No distinction shall be drawn for the legal liabilities among the individuals as representing the corporate body who will be jointly and severally responsible.
285. **Consignment of spirit to be examined and received promptly:** The officer-in-charge of the warehouse shall examine and take in to stock of the consignment with as little delay as possible.
286. **Excise duty to be paid before removal:** The Excise duty imposed on-
- (i) foreign liquor and country spirit
    - (a) imported, or
    - (b) manufactured in a manufactory or stored in an Excise Warehouse shall be paid before removal from the manufactory or Excise Warehouse.
287. **Increase or decrease in the strengths of liquor:** The duty imposed by Excise Rule 19
- (a) and 269 on any liquor by reference to liter should be increased or reduced in proportion as the strength of the liquor exceeds or is less than London Proof.
288. **Location of shops :** In urban areas the distance between two excise shops of similar description shall be as follows :
- (a) For IMFL shops: 100 meters.
  - (b) For country spirit shops: 100 meters.
- In rural areas the distance between two excise shops of similar description shall be as follows:
- (a) For IMFL shops: 1 k.m.
  - (b) For country spirit shops: 3 k.m.

289. (1) The liquor shops of any description should not be located at sites to which the neighbours object on ground which upon enquiry appear to be reasonable and free from malice or ulterior motive.

(2) No IMFL and Beer retail 'OFF' licence or retail 'ON' licence shall be established in Municipal corporation areas within a distance of 50(fifty) meters, in Municipality and Town Committee areas within a distance of 100 (one hundred) metres and in Gaon Panchayat or equivalent body areas within a distance of 150 (one hundred fifty) metres from any place of public worship or educational institution or hospitals. No licence for retail sale of liquor or any other intoxicants shall be granted at a site situated within 100 (one hundred) metres from the midpoint of any National or State Highway.

**Explanation:**

"distance" 'referred in sub-rule (2) above shall be measured from the mid-point of the entrance of the shop, alongwith the nearest paths by which a pedestrian ordinarily reaches to the midpoint of the Nearest gate of the institution, if there is compound wall and if there is no compound wall to the midpoint of the nearest entrance of the institution.

"Educational institutions" for the purpose of this rule means any Primary School, Middle School and High School recognized by the State Government or Central Government or any College affiliated to any University established by law, but does not include any private coaching or tutorial institution.

"Public place of worship" for the purpose of this rule means, a place of public worship having a pucca structure with a covered area of more than 200 square feet which is managed or owned by a registered public trust or a well-established and recognized management committee.

"Hospitals" for the purpose of this rule means, any Government Hospital, Primary Health Centre or Primary Health Unit and includes Private Nursing Home, which has facility of a minimum of 30 (thirty) beds for treatment, of inpatients.

For the purpose of this rule such part of National Highway or State Highway which are situated within the limits of any Municipal Corporation. Municipality or Town Committee, shall not be treated as restriction:

Provided that even when any place of public worship or educational institution or hospital comes into existence subsequent to the establishment of the licensed premises, the aforesaid distance provision shall apply, subject to the provision that the licensee shall be given a reasonable opportunity to shift or relocate his premises.

- (3) Premises for the wholesale and retail sale of foreign liquor shall not be allowed within the same compound.

290. The location of exiting shops should be examined at least once in three years with a view to ascertaining whether it conforms to the rules in respect of sites. The shops which upon enquiry are established to be violating the rules in respect of sites, shall be bound to shift or relocate its licensed premises before expiry of a ninety days' notice to this effect. Failure to shift or relocate as asked for, shall invite closure of the shop till it conforms to the restrictions imposed in respect of sites.
- 291 Except with the previous sanction of the State Government licences for the retail sale of liquor at any place within 500 meters of the border of another district shall not be granted.
292. Except with the previous sanction of the State Government no shop shall be located for the retail sale of any intoxicant within 1 km of Bhutan and Bangladesh.
293. Except with the previous sanction of the State Government no excise shop shall be established in any district bordering the States of West Bengal, Arunachal Pradesh, Tripura, Nagaland, Mizoran, Manipur and Meghalaya within 500 meters of their boundaries.

**ASCERTAINMENT OF PUBLIC OPINION REGARDING NUMBER AND  
LOCATION OF EXCISE SHOPS**

294. The opening, shifting and closures of any licensed premises shall be done by the District Collector with the previous sanction of the State Government. Such opening shifting and closure shall not be granted -
- (a) unless it has been satisfactorily established by local enquiry that proposed action is necessary in the interest of public;
  - (b) until any objection, which may have been filed on the subject have been considered by the District Collector.
  - (c) unless the Application Fee prescribed is paid.
295. **Objection from local bodies and from following persons will be considered:**
- (i) in case of Corporation, Municipality or Town Committee areas – the Corporation, Municipality or Town Committee concerned to which the proposal relates and the neighbours, occupiers and residents of the neighbourhood of the premises involved;
  - (ii) in the case of areas not situated in a Corporation, Municipality or Town Committee areas -
    - (a) the Gaon Panchayat concerned;
    - (b) the owners or occupiers and residents of the neighbourhood of the premises involved.

**RESTRICTIONS AND CONDITION FOR GRANT OF EXCISE LICENCE, PERMIT ETC.**

296. Licences for the retail sale of any intoxicant shall not be granted -
- (a) to any person who has been convicted by a criminal court of a non-bailable offence involving moral turpitude;
  - (b) to former licensees who are in arrears to Government or whose conduct have been found to be unsatisfactory or who have been found guilty of any serious shop malpractice, or breach of conditions of their licences;
  - (c) to any person who is in arrear in respect of any Government revenue or dues or is defaulter in respect of repayment of any Government loan;
  - (d) to persons suffering from any infectious or contagious diseases;
  - (e) to persons of unsound mind.
  - (f) to persons below the age of 21 years.

297. No licence shall be granted to any person who is interested either directly or indirectly in the manufacture or sale of any intoxicant in any foreign territory or other States or territories bordering INDIA.
298. (i) No licence shall be granted to the holder of a foreign liquor licence for sale of country spirit or rectified or denatured spirit or medicinal and toilet preparations.
- (ii) More than one licence shall not be granted to a member of a joint family for wholesale or retail sale of foreign liquor or country spirit or rectified spirit or denatured spirit or medicinal and toilet preparations.
- (iii) All licences are personal to the licensee in whose favour they are granted.
299. **Attendance of licensee in the licensed premises:** The licensee shall endeavor to be present in the licensed premises as much he can.  
Provided that the Excise Commissioner or the District Collector or the Superintendent of Excise may require any licensee to remain present in his licensed premises on any particular occasion on such days and during such hours as may be fixed by the said officer.
300. **Change or alteration of licence:** Excise licences are personal to the holder and are non-transferable except hereunder:  
Inclusion or exclusion of partner: No licensee shall, except with the prior permission of the State Government, get any person included as a partner to his licence or get an existing partner excluded. When there are only two partners in the firm holding the licence and one of them withdraws or expires the entity of the firm shall change from partnership to proprietary.  
Conversion of a proprietary concern into a firm or a company or a firm into a company and vice versa shall not be allowed unless the stake of the original licence holder in the proposed firm or company is more than 50%.
301. **Transfer of licence on death of licensee :** On the death of a licensee the Collector may with the previous sanction of the State Government renew the licence for the reminder of the lease on the same terms in favour of a representative of the deceased if he is satisfied that such representative is fit to hold it and on the conditions that any arrears due from the deceased licensee are recovered before the licence is so renewed. In such case no fresh deposit need be called for.



**EMPLOYMENT OF PERSONS BY EXCISE LICENSEES FOR CONDUCT OF  
SALE OR FOR OTHER PURPOSES.**

302. **Name of salesmen and agents to be endorsed on licence before employment:** No licensee for the retail vend of any intoxicant other than (1) the licensee of a Hotel, Restaurant, Bar, Club or (2) a chemist or druggists holding a licence or permit under the Act, shall allow any person to conduct sale in his licensed premises or to carry any intoxicant on his behalf unless the names of such persons have been previously submitted to the Collector or the Sub-divisional Officer or the Superintendent of Excise for approval and endorsed by him on the licence.
303. **Persons disqualified for being appointed as salesmen or agents:**  
The following persons are disqualified for being appointed as salesmen:
- (i) Persons below 21 years of age;
  - (ii) Persons convicted of offences under the Excise, N.D.P.S. Act or of any non- bailable offence;
  - (iii) Persons whose licences have been cancelled under the Excise, N.D.P.S. Act or who have been held guilty of committing any serious shop malpractice;
  - (iv) Persons of notoriously bad character or whose conduct is found otherwise undesirable;
  - (v) Persons suffering from any infectious or contagious disease;
  - (vi) Persons, other than the licensee, having any pecuniary interest in the sales at the shop;
- Provided that in the case of persons falling under (ii), (iii), (iv) above the disqualifications may, at any time, be removed by a written order of the Collector.
304. **Persons suffering from infectious or contagious disease not to be employed by manufacturers or wholesale dealers:** No licensed manufacturer or licensed vendor for the wholesale vend of any intoxicant shall employ any person suffering from an infectious or a contagious disease for any purpose in his licensed premises.
305. **Bar on employment of women:** No licensee for the sale of country spirit shall employ any women as sales woman for sale of such intoxicants.

306. **Prohibition for employment of woman in foreign liquor shop without permission of Excise Commissioner:** No person who is licensed to sell foreign liquor shall, without the previous permission of the Excise Commissioner, employ or permit to be employed either with or without remuneration, any women to assist him in the conduct of sales.
307. **Prohibition for employment of persons convicted of certain offences by licensed manufacturers and wholesale dealers:** No licensed manufacturer or wholesale dealer of any intoxicant shall employ or permit to be employed in his licensed premises any person who has been convicted of a non-bailable offence or of an offence under the Excise, NDPS Act except with the permission of the Collector.
308. **Prohibition for sale to certain persons :** No intoxicant shall be sold by any licensed vendor or by an agent or servant of such vendor to:
1. Any Railway servant at the time on duty;
  2. Any Excise or Police Officer of any rank being in uniform or on duty;
  3. Any vagrant under Police escort;
  4. Any insane person;
  5. Any person under 21 (twenty one) years of age;
  6. Any person known or believed to be drunk or intoxicated;
  7. Any noncommissioned officer or soldier of Indian Army, any non-commissioned officer or sailor of the Indian Navy, any non-commissioned officer or airman of the Indian Air Force or any member with corresponding ranks of the other Forces.
  8. Any driver of automobile.
309. **No compensation for closing a shop for temperance or prohibition:** If any licence premises is closed at any time during the currency of the licence as a result of the operation of temperance or prohibition policy of the Government or otherwise, he will not be entitled to any compensation on that account.
310. **Licensee bound to observe Excise laws, rules and conditions of licence:**
- (i) The holder of a licence, permit or pass shall be bound by the conditions thereof and shall observe all Excise laws, rules and conditions of the licence, all directions, prohibitions for the time being in force whether such directions, prohibitions and rules be embodied in the conditions of his

licence, permit or pass or not, and all directions orders and prohibitions contained in rules lawfully made under the Excise laws of which he shall have received due notice.

- (ii) If it is found that at any time the medicated wines or spirit are being sold by chemist or druggists as wine or spirit rather than as a tonic or medicine, it will be open to the Collector to withdraw the chemists licence for selling of medicated wines or spirits in addition to any other penalty that may be inflicted under Section 61 of the INDIA Excise Act, 2000.

311. **Shop when to be opened:** The term of the licence will ordinarily commence on the 1<sup>st</sup> day of April each year, and the licensee will be required to open his shop within 15 (fifteen) days from the date of granting (issue) of licence or any other date fixed by State Government failing which the authority who granted the licence shall at liberty to cancel it and the sum paid in advance or the security forfeited and the licence fee, or the estimated vend fee for the month will be levied from the licensee, the Collector being at liberty to resettle the country spirit at once. In cases of hardship, where the delay may have arisen from causes beyond the licensee's control, the Collector may, at his discretion, extend the time within which the shop may be opened. If a licensee is found to keep his shop habitually closed at intervals and thereby causes inconvenience to consumers, his licence may, after due warning and with the sanction of the Excise Commissioner, be cancelled, the advance deposit or security deposit be forfeited and the shop resettled under the usual conditions.

In this rule, unless there is anything repugnant, the words "Shop" and "licence" shall include the country spirit shops, the India made foreign liquor shops, manufactories, Bonded Warehouses, Distilleries and Breweries and any other wholesale or retail licences, pass or permit granted under the provisions of this Rules.

312. **Return of time expired licences:** The holder of a licence, permit or pass shall, on the expiry of his licence, permit or pass return the same in the office which granted it or if the conditions thereof provide for its disposal in some other manner, shall dispose of it in accordance with such conditions. No new licence should be granted to a previous licence holder until he has returned his time-expired or cancelled licence to the Collector or satisfied the Collector that he cannot do so.

313. **Licensee to maintain adequate stock:** Every licensee shall, in respect of any intoxicant which he is licensed to sell, meet the demand of every customer entitled to be served who tenders payment for what is required by him and he shall not permit the stock of such intoxicant fall below a minimum of fifteen days average consumption. The Collector will fix the minimum with reference to the average daily consumption and the time required for replenishing stock from the nearest warehouse, and enter it in the licence.
314. **Retail licensee of country spirit to report balance:** Each retail vendor of country spirit should report to the District Collector or the Excise Superintendent on the 1<sup>st</sup> day of each month the stock he has in hand.
315. **Licensee has no legal claim for compensation:** Holder of a licence shall have no legal claim against the State Government for compensation for any loss alleged to be due to a change during the currency of his licence, or in the conditions thereof or in the rate at which duty is charged on any intoxicant, or any other matter connected with the Excise administration, but in any case in which compensation is, on the merits of the case, equitably due to loss directly caused by such change, such compensation may be paid to a licensee as the State Government may sanction. Provided that if during the term of a licence the duty on the intoxicant the sale of which is covered by the licence be raised, and the licensee be not willing to pay the enhanced duty, it will be optional with the licensee to relinquish his licence and such relinquishment will not entail the forfeiture of the advance deposit or security.
316. **Possession of plain spirit by vendor of foreign liquor prohibited except under special licence:**
- (i) The Government of INDIA are pleased to prohibit the possession, except under a special licence by any licensed vendor of foreign liquor of plain spirit (whether manufactured in India or imported from foreign countries) provided that a licensed wholesale vend of foreign liquor to whom a licence to blend and compound liquor has been granted may possess such spirit for the purpose of blending and compounding it and provided that such spirit shall not be consumed or sold until it has been so blended and compounded.
  - (ii) Licensed manufacturers and vendors for foreign liquor, country spirit are prohibited from mixing therewith any noxious substances or any

objectionable articles which is intended or likely to increase the intoxicating power of the liquor or to increase thirst.

317. **Licensed vendors prohibited to adulterate to cause deterioration of intoxicants:** No licensed wholesale or retail vendor shall willfully adulterate or add anything to cause deterioration of any intoxicant sold or kept for sale by him. He shall not sell any intoxicant which he knows to have been adulterated or to have deteriorated and shall not store such intoxicant or permit such intoxicant to be stored on his premises.
318. **Bar on keeping of other substance:** No retail licensee of country spirit or foreign liquor shall store or keep or permit to be stored any substance other than those licensed to sell, in the sale room of such intoxicant.
319. **Entertainment of dance prohibited in premises for retail sale of foreign or country spirit :** No licensed retail vendors of foreign or country liquor shall allow any professional entertainment of dance in or near their premises, or permit the playing of musical instruments or singing by professionals on such premises without the special sanction of the Collector in writing.
320. **Prohibition of sale except for cash and of making free gifts:** No holder of a licence for the retail sale of country liquor, and no holder of a licence for the retail sale of foreign liquor for consumption on the premises shall under such a licence sell such intoxicants on credit or receive any pledge for payment of the price thereof or anything but money in exchange thereof. He is also prohibited from making free gifts of such intoxicants.  
Provided that the holder of a club or hotel licence may sell foreign liquor on credit under such a licence to *bonafide* members of the club or lodgers in the hotel.
321. **Prohibition of sale of liquor to drunken persons – Responsibility of liquor vendor for drunkenness:** The holder of a licence for the retail vend of foreign liquor or country spirit for consumption “ON” or “OFF” the premises is prohibited from serving any drunken person with liquor or from permitting any such person to remain in his shop. He will further be held responsible for drunkenness and disorderly conduct causing scandal, nuisance or obstruction that occur in the neighbourhood of his shop by such persons who have purchased liquor at his shop, or by others in company with such person.

322. **Licensees prohibited from allowing bad character and prostitutes to resort to shop:** The holder of a licence for the retail vend of intoxicants is prohibited from allowing persons of notoriously bad character to resort to his shop, or from permitting two or more persons, who have been convicted of a serious offence or who are reputed prostitutes, to assemble in his shop whether for the purpose of crime, prostitution or not. He is required to prevent drunkenness, gambling and disorderly conduct on his premises, and to give information to the nearest Magistrate or Police Officer of any suspected person who may resort to his shop.
323. **Stock and sale allowed on licensed premises only:**
- (i) No licensee shall stock and sell an intoxicant at any place other than on the premises specified in that behalf in his licence.
  - (ii) No licensee shall store or sell any intoxicants other than those imported/transported under a permit or pass issued by the competent authority.
324. **Licensee to assist in stock taking:** Every licensee is required to assist in stock taking with sufficient number of employees when demanded by an Excise Officer of or above the rank of Inspector.
325. **Closure of licensed premises on occurrence of riot:** All licensee shall close their premises on the occurrence of a riot or disturbance in the neighbourhood.
326. **Dry days :** (a) Notwithstanding anything contained in any provision of these Rules the State Government may declare any number of days in a year as "DRY DAY". No sale or consumption of liquor in any "ON" and "OFF" licensed premises shall take place on Dry Days.
- (b) The licensed premises shall remain closed and no business shall be transacted on the following days declared as Dry Days:
- (i) The first and last day of every month except 31<sup>st</sup> December every year.
  - (ii) 26<sup>th</sup> January (Republic Day)
  - (iii) 15<sup>th</sup> August (Independence Day)
  - (iv) 2<sup>nd</sup> October (Gandhi Jayanti)

## **ARRANGEMENT OF PREMISES FOR VEND OF FOREIGN LIQUOR AND COUNTRY LIQUOR**

327. **Premises regarding foreign liquor:** Premises (except clubs) licensed for the vend of foreign liquor for consumption 'on' the premises shall have all doors for admission of the public opening only on to a public road. Such premises must be so constructed that the interior thereof, where sales are effected, may be visible from the doorway. The sale rooms shall be well lighted. Private rooms for the sale of such liquor or spirit, where such sale are specially permitted by the Collector, must also be visible from the doorway.
328. **Premises regarding country liquor:** Premises licensed for the vend of country liquor, shall have at least one door on the front wall. Such premises must be so constructed and fitted with one or more sale-windows of size not smaller than 30.48 cm. in width by 76.2 cm. feet in height, that the interior thereof, where sales are effected, may be visible from outside. The sale room shall be well-lighted or intoxicants shall be in full view of the customers.
329. **Premises provided by Government:** Where premises have been specially provided by the State Government for any shop the licensee shall be bound to carry on his business in such premises and to pay to the State Government in addition to his licence fee, such rent for the premises as may be demanded by the Collector.
330. **Sign Boards:** Except in the case of hotels, restaurant, clubs and the premises of chemists or druggists holding excise licence or permits, there shall be fixed in a prominent position at the entrance of all premises licensed for the retail vend of any intoxicant, a sign board showing the Licence Number, the name of the vendor, the period of currency of the licence and in the case of country spirit shop the strengths, if any, prescribed for retail vend and the current retail prices.
- Exhibition of licence : The licence shall be exhibited in a conspicuous place in the licensed premises.

## **HOURS DURING WHICH LICENSED PREMISES MAY BE KEPT OPEN AND CLOSED.**

331. Unless otherwise ordered by the State Government premises licensed for the vend of an intoxicant may be kept open or closed as stated in the following rules.

332. (1) Foreign Liquor 'ON' licensed premises licensed as hotels and restaurants and bars attached to such hotels and restaurants and also other premises licensed for 'ON' sale of foreign liquor including Club 'ON' licence shall be kept open for the sale of liquor from 1PM to 10 PM. Such premises may be kept open upto 12 midnight under a separate late closing licence as prescribed under Rule 127 of these Rules.

(2) The premises licensed for the retail vend of foreign liquor in a proprietary club, the profits of which are divisible among the share holders or members may be kept open for sale of liquor from 10 AM to 10 PM.

Provided that the dak bungalows and non-proprietary clubs, the profits of which are not divisible among the shareholders or members, may be kept open from 10 AM to 12 midnight.

333. **Other premises:** Premises licensed for the retail sale of foreign liquor, or for the retail sale of country spirit, shall be opened or closed at the following hours:

<u>Type of licence</u>	<u>Opening hours</u>	<u>Closing hours</u>
Foreign liquor:		
Retail "OFF"	2PM.	10 P.M. (throughout the year)
Country spirit	12 noon	7 P.M. (throughout the year)

334. **Certain premises exempted from time limit:** The above Rules 332 and 333 do not apply to shops for the retail sale of denatured spirit, or to the premises of chemists or druggists who are licensed as such to sell medicated wines or rectified spirit.

335. **Military canteen:** Premises licensed for the retail vend of foreign liquor at a military canteen, established under the canteen system, shall remain open during such hours as may be prescribed by the officer-in-command of the regiment or units.

### ACCOUNTS TO BE MAINTAINED BY LICENSEES

336. **Accounts to be maintained by licensees:** (i) Unless otherwise ordered by the Excise Commissioner in any particular case, regular and accurate accounts shall be maintained by all persons holding licences for the manufacture and sale of foreign



liquor, country spirit and by manufacturing chemists licensed to use in the manufacture of drugs, medicines or chemical, rectified spirit manufactured in India and for denatured spirit. Such registers shall be maintained year to year basis. Here “year” means financial year. On the covers of each register should be written “Financial year....” All registers must be paged and where necessary indexed. The Superintendent of Excise will certify on the first page that the register contains so many pages.

- (ii) The licensee shall maintain a daily account book for stock and sale of intoxicants.
- (iii) Such accounts shall be written up as soon as the transactions for each day have been closed;
- (iv) The wholesale and retail sale licensee of foreign liquor shall maintain the stock and sale register in such a manner in which name, size and batch number of IMFL should be written;
- (v) The licensees must produce the registers on demand, by an Excise Officer not below the rank of Inspector.

337. **Form of accounts prescribed:** The daily accounts of transactions which holders of licences for the sale of any intoxicants are required to keep up shall be maintained in the prescribed forms of accounts books, which may be obtained from sadar and sub- divisional excise offices. The accounts may be kept in English or INDIAese as may be most convenient to the vendor.

**Indent of forms, account books where to be purchased:** Each Superintendent of Excise should submit indent for standardized forms of licences, permits, passes, account books for vendors, and other miscellaneous forms to the Commissioner of Excise within the time prescribed. Emergent indents should also be submitted to him. The forms are issued by the Superintendent of Excise bound up in books as required to the Deputy Superintendent of Excise in sub-divisional head quarters. Account book should be sold to vendors by the Superintendent of Excise at cost price. The forms of licences, permits, passes and receipts for composition money etc will be printed with counterfoil and with the pages numbered.

338. (a) **Establishment of check post or barrier and inspection of liquor while in transit etc.:** (1) The State Government may, by notification, direct the setting up of check post or the erection of a barrier or both at strategic point combined with other commercial check post or gate with a view to preventing leakage of revenue.

(2) At every vigilance check gate or check post or barrier mentioned under sub-rule (1) or at any other place when so required the excise officer-in-charge concerned may stop the driver or any other person in charge of animal, vessel, cart or other vehicle as the case may be and keep it stationary as long as may reasonably be necessary and inspect the licence or permit obtained under the provisions of the Act and Rules and may take necessary action as deem fit and proper.

(b) Every officer may be supplied with the following forms:

- (1) Preliminary report to Collector of arrest, seizure or search in Form No.28 of Schedule XXXI (Section V-Miscellaneous).
- (2) Report to Magistrate under the Excise Act in Form No.29 of the Schedule mentioned above.
- (3) Final report to Collector after disposal of a case under the Excise Act of the Schedule mentioned above.

339. **Preliminary report to Collector of arrest, seizure or search:** When any officer makes any arrest, seizure or search he must draw up a preliminary report in the barest outline in the prescribed form. The report must be submitted to the Superintendent of Excise within 24 hours of the arrest, seizure or search. In sub-division the report will be sent to the Deputy Superintendent of Excise.

340. **Report to Magistrate under the Excise and such other Act:** (1) When the necessary enquiries are completed and a prosecution appears warranted the report must be drawn up in the prescribed form. It must show the name of all persons acquainted with any of the facts of the case and what each is prepared to prove. The original search list as has been made, will be attached to this report. Though only one search list will be prepared in a case in which both an intoxicant and a drug have been seized there will be two reports if the evidence warrants a prosecution under each Act. The original search lists will be attached to one of the reports and a copy to the other. All endorsement must be made on this copy of the search list showing clearly to what report the original has been attached. A copy of the report will at the same time be submitted to the Superintendent. The third copy will remain with the Officer who submitted the report. Great care must be taken to include all relevant particulars in column 8 of the report in order that a prosecuting officer may be able to gather from it all the facts that it will be necessary for him to prove.

(2) Excise officers sending up cases for trial should always note in column 7 of the report whether the witnesses will appear with or without summons.

Prosecuting

Officers should understand that he will be held responsible for procuring the witnesses on the dates fixed for hearings and applying for remand in the case of their non-attendance.

341. **Final report to the Collector after disposal of a case under the Excise Act:** Final report should be drawn up in the prescribed form as completely as possible so as to give a full history of the case.

The part taken by each person entitled to reward must be clearly shown. It must be definitely noted in the final report whether the accused person has not been previously convicted.

Copies will be sent through the Superintendent of Excise/Deputy Superintendent of Excise (in case of sub-division) to the Excise Commissioner.

The Superintendent of Excise is responsible for making arrangements to ensure that these reports shall reach him promptly. When he considers that a sentence has been grossly inadequate or that an acquittal has involved a failure of justice he should, if he thinks that an appeal would be likely to succeed, take action as per law.

## **PROSECUTION AND FINES**

342. (a) **Prosecution of vendors:** Prosecution of vendors for breach of conditions of licences other than those of serious character, should not ordinarily be resorted to. These cases should be dealt with departmentally as far as possible. For minor irregularities a warning may be given in the first instance. For serious shop offences or where repeated warnings fail to correct a vendor his licence is liable to be cancelled. Attention is, however, called to Section 76 (1) of the Act, which provides for compounding such offences.
- (b) **Penalty for non-payment of duty or fee:** If any person or any licence holder under this Rules fails to pay any duty, fee or any other levy due to the Government, which under this Rule he is liable to pay and for which he has received due notice from the Excise Commissioner or a Collector, shall be liable to pay a penalty which may extend to three hundred percent of the duty, fee or other levies due from him.
343. **Prosecution for non-payment of licence fees:** A prosecution for the non-payment of licence fees or any other fees payable to the Government should only be instituted

with the sanction of the Excise Commissioner. The proper course, is to close the shop until the fees are paid, and failure to pay promptly, to cancel the licence.

344. **Punishment or penalty be recorded on the licence:** Any punishment or penalty imposed on a licensee without forfeiture of his licence whether awarded by a court or by a Collector under the Act or rules thereunder and any offence compounded by a licensee under Section 76 of the Act shall be recorded on his licence.
345. **Register of misconduct of vendors:** A register of the misconduct of vendors and their salesman should be kept in the district and sub-divisional offices in the prescribed form.
346. **Prosecution for possession of pachwai in excess of legal limit:** Prosecution against members of the aboriginal tribes living in the State for possession of pachwai in excess of the legal limit should rarely be instituted. Prosecution should only be instituted against such consumers when there is proof of illegal sale of pachwai.
347. **Procedure in regard to prosecution in court:** The following procedure is laid down with regard to the prosecution of Excise cases:
- (1) Excise cases instituted by police:  
The procedure regarding prosecution by court officers to be the same as in other police cases.
  - (2) In cases instituted by Excise Officers: (a) In cases where the employment of an officer to prosecute the case is considered necessary, the Excise Officer, though not formally prosecutor will assist the court.  
(b) In cases where the employment of an officer to prosecute is considered necessary by the Deputy Commissioner or Superintendent of Excise/Sub-Divisional Officer or in his absence by the senior officer in charge of his office, when the case is of such importance or intricacy that it is considered necessary to engage a pleader. In such cases the Government pleader or public prosecutor should ordinarily be engaged.
348. **In cases of illegal possession of intoxicants:** Magistrates to ascertain whether such articles are excise or contraband. In prosecutions in regard to illegal possession of intoxicants, prosecuting officers should urge before the Magistrates the necessity of a decision and definite finding on the point whether the articles in question are

Excise or contraband. This may be determined analyzing the article by Chemical Examiner of the Excise Department.

349. **Gravity of offence to be pointed out by prosecuting officer:** It should also be urged on the question of punishment in such cases that the illegal possession or sale of contraband intoxicants is a much more serious offence than the mere illegal possession or sale of such intoxicants on which duty has been paid, and that punishment should be inflicted accordingly. It is the duty of the prosecuting officer to make clear to the court the gravity or the reverse of the offence alleged, so far as the offence affects the Excise revenue.
350. **Disposal of departmental cases:** When an explanation of any irregularity on the part of a licensee or agent or salesmen is called for with a view to proceeding against him and is found to be unsatisfactory, an order sheet should be attached to the office copy of the notice and the case is entered in the register of miscellaneous case. When irregularities are detected during inspection the notice may be delivered by the inspecting officer on the spot, if not possible after completion of investigation and a copy signed by the licensee or salesman/agent in token of receipt may be filed with the record. If the irregularities are of serious nature, injurious to Government revenue and repeated warning fails to correct a vendor his licensed shop/bar may be immediately closed by the Inquiring Excise Officer and report immediately to the District Collector or the Superintendent of Excise. If the District Collector or the Superintendent of Excise feels that such closer is not justified, he shall at once order for opening of the premises. All papers concerned with the subsequent proceeding should be filed with the record and orders should be recorded on the order sheet.

An order inflicting a monetary penalty under Section 76 of the Excise Act, 2000 is one of composition of the offences and the order should be that the licence will be cancelled, or the offender prosecuted unless a certain sum is deposited on a date to be fixed. If payment is not made on the date fixed or when any time allowed has passed, the case should be submitted to the Collector for orders as to whether the offender should be prosecuted or the licence should be cancelled or suspended.

A licence can be suspended or cancelled under Section 30 (1) (c) of the INDIA Excise Act, 2000, in the event of any breach by the holder thereof, or by any of his employees or by anyone acting on his behalf with his express or implied permission, and any of the terms of the licence. If the Collector decides to prosecute the offender, he should unless there are strong reasons to the contrary, suspend the

licence. If the offender is convicted the licence should then be finally cancelled under Section 30 (1)(c) of the Excise Act, 2000. The cancellation should be made after the period of appeal, if any, be allowable has passed. Meanwhile the shop should only be provisionally resettled in case of country spirit shop.

The prosecuting officer should draw the attention of the court to circumstances in which the prosecution was initiated, and should press for the infliction of a penalty not less than that proposed to be imposed by the Collector. If the Collector decides not to prosecute, he may, and in serious cases should cancel the licence provided that either:

- (a) the licence is expressly stated to be cancelable at will, or
- (b) the licence expressly provides for cancellation if the licensee is held by the Collector to have committed, by himself, or by his employees or by anyone acting on his behalf, with his express or implied permission, a breach of any of its terms of conditions, or
- (c) the fact that the conditions of the licence have been infringed admits of no denial.

If there is any doubt in a case falling under Sub-Section (c) as to the commission on an offence or the breach of a condition of the licence, the offender should properly be prosecuted. He can be prosecuted under Section 58 of the Excise Act, 2000 for breach of condition of a licence granted under the said Act.

Similar considerations apply when an offender is prosecuted. The licence may be cancelled outright for breach of a condition, provided one of the above conditions (a), (b) or (c) is satisfied.

When ordering a prosecution and suspension of the licence the Collector should withhold refund of the security deposit pending disposal of the case.

351. **Credit fines under head “Law and Justice” and of composition moneys under head “Excise Miscellaneous”:** All fines imposed by the criminal courts under the Excise Act must, on realization, be paid into the treasury and credited to Government under the head “Administration of Justice”. Sums realized under Section 76 of the INDIA Excise Act, or by forfeiture of security deposits should be credited under the head “0039 StateExcise”.

## **DISPOSAL OF INTOXICANTS ON EXPIRY OF LICENCE OR CANCELLATION OR WITHDRAWAL OF LICENCE**

352. **Sale by one vendor to another vendor:** (i) A person who has been a licensed vendor may, on the expiry or cancellation or withdrawal of his licence of country spirit shop, with the sanction of the Collector, sell wholesale to the succeeding vendor any intoxicant not exceeding 15 days saleable stock over the prescribed minimum which he is authorized under the conditions of his licence to sell and of which he has been lawfully in possession.

Provided that the Collector shall have the power to dispose of any stock of country spirit not taken over by the succeeding vendor.

Provided that the intoxicant is fit for use and, in the case of country spirit, that it is within the limits of strength fixed for retail sale.

Provided further that, if the Collector considers that the intoxicant or any part there of is unfit for use or has otherwise deteriorated so as to be unsaleable, he shall cause the same to be destroyed without any compensation being claimable by the former licensed vendor.

(ii) A person who has been a licensee of IMFL/ Beer may, on cancellation or withdrawal of his licence, with the previous sanction of the Collector, sell intoxicants to a wholesaler or to any other IMFL/Beer licensee;

Provided that the Collector shall have the power to sell the intoxicant to any IMFL/Beer licensee and the sale proceeds of the same shall, after deduction of the expenses and any other dues to the Government, be refunded to the licensee.

353. All disputes about the price, quantity, premises and accessories to be taken over by the incoming lessee shall be decided by the Collector.

## **DESTRUCTION OF INTOXICANTS DEEMED TO BE UNFIT FOR USE**

354. **Disposal of unsuitable spirit in distillery or manufactory:** If spirit manufactured in a distillery or stored in a manufactory is found to be of inferior quality or otherwise unsuitable for the purpose for which it was made or stored, it may be rejected and destroyed, or otherwise dealt with under the orders of the Excise Commissioner. If the officer-in-charge of a distillery or manufactory (if he is not a Superintendent of Excise) considers that the spirit to be issued is bad and unsuitable, he should at once report the matter to the Superintendent of Excise who may, pending order of the

Excise Commissioner, stop its issue and ask the officer to send samples of such spirit for analysis without delay.

If the Excise Commissioner is satisfied that the reasons for becoming unfit is due to such accident or natural disaster which is beyond the control of the licence holder, the duty payable on such inferior quantity may be remitted by the Excise Commissioner for reasons to be recorded in writing.

355. **Destruction of intoxicant unfit for the use on vendor's premises:** Any intoxicant kept on the premises of a vendor licensed to sell such intoxicant and found after necessary examination to be unfit for human consumption may be destroyed under orders of the Collector.

### **DISPOSAL OF THINGS CONFISCATED**

356. **Magistrate to make confiscated articles over to the Collector:** When in any case a Magistrate orders the confiscation of anything under Section 75(1) of the Act, such thing shall be made over to the Collector for disposal.
357. **Method of disposal of things confiscated:** The disposal of things confiscated by order of a Magistrate or of a Collector shall be regulated as stated in the following rules.
358. **Disposal of things confiscated to be deferred till period of appeal has expired except in certain cases:** The sale or other disposal of things confiscated under the Act shall be deferred till the period of appeal against the order of confiscation has expired, or if an appeal be made against such order till the appeal is disposed of: **Provided**, (1) That the sale of any animal or other thing ordered to be confiscated shall not be so deferred unless the owner or his agent deposits with the Collector or Sub-divisional Officer, as the case may be, such sum as that officer may consider to be required and to be sufficient for the keep or safe custody of such animal or other thing, pending the result of such appeal; and  
(2) That, if the thing be of a perishable nature it may be sold immediately.
359. **Disposal of thing confiscated if/when order is reversed:**  
(1) if any order of confiscation of anything be reversed on appeal, such things, or the sales proceeds thereof and the amount, if any, deposited for the keep or



safe custody of such thing shall be at once returned to the owner thereof or his agent under the order of the Collector or Sub-divisional Officer as the case may be;

- (2) if no one appears within two months from the order on appeal to receive the thing confiscated, the sale proceeds or the amount, if any deposited, or any such thing, shall be forfeited to the Government.

360. **Disposal of confiscated foreign liquor, tari and pachwai:** Confiscated foreign liquor, if found fit for human consumption shall be sold by auction. Confiscated tari and pachwai shall be destroyed.
361. **Country spirit:** Confiscated country spirit, if found fit for human consumption shall be sold by auction subject to a reserved price which shall be equal to the amount of duty leviable on the articles in the place in which the sale takes place.
362. **Other intoxicants:** Confiscated intoxicants other than those referred to in Rule 360 and 361 shall be sold by auction to the highest bidder.
363. **Confiscated articles to be sold to licensed vendors or destroyed:** Any confiscated article referred to in Rule 360 to 362 should be sold only to a licensed vendor of such article. If no bid be available from such a vendor, it shall be destroyed forthwith.
364. **Disposal of things confiscated other than intoxicants:** When the article confiscated under Section 74 (c) or (d) of the Act is not an intoxicant, it shall be disposed of as follows:
1. When such article, in the opinion of the Collector, does not exceed Rs.10,000 in value, it may be sold by the Collector to the highest bidder or in his discretion released on payment of such sum as he may think fit or, with the sanction of the Excise Commissioner, retained for the use of the Excise Department.
  2. When such article, in the opinion of the Collector, exceeds Rs.10,000 in value, it shall be disposed of at the discretion of the Excise Commissioner, who may in special cases refer the matter to the State Government or the Governor of INDIA, as the case may be, for orders.

### GRANT OF EXPENSES TO WITNESSES

365. **Expenses to witness:** Expenses to witnesses appearing under summons, or produced before any Court or Collector in Excise cases, may be granted by such Court or Collector, in accordance with the rules made by the State Government or the Governor of INDIA for the grant of expenses to witnesses.

### SUMMONING OF WITNESSES

366. **Summoning of witnesses:** No excise officer empowered under Section 42(2) of the Act shall summon any person to appear before him at a greater distance than 100 km from the actual place of residence of such person.

### LIMIT OF RETAIL SALE

367. **Limits of retail sale:** "Wholesale vend" means vend in quantities exceeding the limit of sale by retail.

"Retail vend" means vend in quantities not exceeding the limit of sale by retail.

The limits specified below shall be the limits of retail sale of intoxicants in the areas specified below:

Name of intoxicant	Area	Limit of retail sale
(1) Foreign liquor	The territories to which the Act applies	12 reputed quart bottles
(2) Rectified spirit/ denatured spirit	Ditto	6 reputed quart bottles
(3) Ayurvedic medicinal preparations containing alcohol which are prepared by distillation in to which alcohol is added	Ditto	6 reputed quart bottles
(4) Country spirit	Ditto	12 reputed quart bottles
(5) Methyl alcohol	Ditto	2.5 liters

368. **Limits exceeding retail sale:** Notwithstanding the provisions of Rule 367, person licensed to sell by retail the intoxicants specified in the first column of the subjoined table and licensed chemist may sell such intoxicants to the persons mentioned in the second column in quantities not exceeding those indicated in the third column:

	<b>Intoxicant</b>	<b>Person s</b>	<b>Quantity</b>
1.	Any intoxicant other than foreign liquor	A persons specially licensed or holding a permit to possess a quantity exceeding the limit of retail sale.	The quantity specified in the licence or permit.
2.	Denatured spirit	Licensed vendor of denatured spirit	The quantity specified in the licence or permit.
3.	Rectified spirit	Licensed vendor of rectified spirit	The quantity specified in the licence or permit.

369. **Pass required for transport of intoxicants in excess of limit of retail sale:** No intoxicant exceeding the quantity declared to be the limit of sale by the retail sale shall be transported except under a pass.

#### **EXEMPTION FROM CERTAIN PROVISIONS OF THE ACT.**

370. **Exemption from certain provisions of the Act :** The under mentioned intoxicants are exempted from the provisions of the Act for the purpose as specified below :
- (1) Pachwai is exempted from the provisions of the Act for manufacture and possession when it is manufactured and possessed for home consumption and not for sale.
  - (2) Unfermented Tari – All provisions of the Act;
  - (3) All intoxicants upon which the full tariff or excise duty has been paid, and which are contained in medicinal preparations intended *bona-fide* for medicinal purposes are exempted from the provisions of the Act relating to possession and sale.
  - (4) Perfumed spirits when manufactured from duty-paid foreign spirit which has not been denatured are exempted from the provisions of the Act relating to possession and sale.

- (5) (A) Medicated wines and similar preparations containing foreign liquor in foreign country and imported into INDIA are exempted from the following conditions.
- (a) if they are assessed to customs duty as medicated, or tonic wines, they may be sold only by -
    - (i) persons licensed under the Act to sell medicated wines.
    - (ii) persons who carry on business as chemists, druggist, apothecaries or keepers of dispensaries, and who hold a special licence granted by the District Collector for the sale of medicated wines and similar preparations.
  - (b) If they are assessed to customs duty as medicated or tonic wines they may be sold only by persons licensed under the Act to sell foreign liquor.
- (B) Mritasanjibani or similar Ayurvedic preparations are exempted for all purposes from the provisions of the Act. But Medicated wines and similar preparations containing foreign liquor manufactured in INDIA or manufactured in another part of India and imported into INDIA are exempted from the provisions of the Act relating to sale, subject to the following conditions :
- (a) If it contains alcohol equivalent to 20 percent and not more than 42 percent of proof spirit, they shall be sold only by -
    - (i) persons licensed under the Act to sell medicated wines.
    - (ii) persons who carry on business as chemists, druggists, pharmacist, and who hold a special licence granted by the District Collector for the sale of medicated wines and similar preparations.
  - (b) If it contains alcohol equivalent to or more than 42 percent, of proof spirit, they shall be sold only by persons licensed under the Act to sell foreign liquor.
  - (c) If it has been manufactured in INDIA, it must before sale by the manufactures, be submitted to the Excise Commissioner for determination of the proof spirit contained in them and for his permission to sell such preparations.
  - (d) If it has been manufactured in any other part of India, an application must be submitted to the Excise Commissioner, INDIA, for permission to sell such preparation in INDIA with a certificate from the Chief

Excise Authority of that part starting the percentage of proof spirit contained in them together with any other particulars which the Excise Commissioner may require.

- (e) Medicinal, tonic and similar preparations containing alcohol equal to 20 percent, and not more than 42 percent of proof spirits sold under a special medicated wine licence shall be sold in sealed and capsuled bottles each bottle bearing a label giving the trade name of the preparation, the name of the manufacturer, the place of manufacture and the percentage of proof spirit containing in the preparation and shall have the general get up of a medicine bottle with an indication of the doses to be taken.

## PART – IV

### GENERAL

### PROVISIONS

#### APPOINTMENTS, LEAVE, TRANSFER AND PUNISHMENT

371. **Appointment and powers:** The following Excise Officers are appointed and invested with powers under Section 6(2)(a), (b) and (c) read with Section 84 (2) of INDIA Excise Act, 2000.

Appointment and power	Area of jurisdiction
1. <b>Excise Commissioner:</b> The Excise Commissioner to have control of the administration of the Excise Department subject to the general control of the State Government.	The territories to which the Act applies.
2. <b>Additional Commissioner of Excise:</b> The Additional Commissioner of Excise shall, subject to the general control of the State Government and of the Excise Commissioner, exercise all the powers and duties conferred on the Excise Commissioner by or under the Act.	- Do-
3. <b>Joint Commissioner of Excise:</b> The Joint Commissioner of Excise shall, subject to	- Do-

general control of the State Government and

of the Excise Commissioner, exercise all the powers conferred upon him by the provisions of the Act as specified below Section 34(b), 37, 38, 41, 42(2), 43, 49 and 69 of the Act.

4. **Deputy Commissioner of Excise:** The Deputy Commissioner of Excise shall, subject to general control of the State Government and under direct control of the Excise Commissioner, exercise the duties conferred on him by the provision of the Act specified below Section 34(b), 37, 38, 41, 42(2), 43, 49 and 69 of the Act.

-  
Do-

5. **Superintendent of Excise:** Within the district to which he is appointed. The Superintendent of Excise in each district, shall, in subordination to the District Collector and subject to the general control of the Excise Commissioner, throughout the district, exercise all the powers and perform all the duties conferred on the District Collector, by provision of the Act specified below :
- (a) Section 13 (grant of passes)
  - (b) Section 16(I)(iii) (grant of permit for the possession of intoxicants in excess of limit).
  - (c) Section 34(b) (power to require licensees viz. Manufactures and vendors to measure, weigh to test intoxicants).
  - (d) Section 37 (inspection of places of manufacture and sale of intoxicants).
  - (e) Section 38 (arrest, seizure and search without warrant).
  - (f) Section 39(a) and (b) (issue warrants for search and arrest).
  - (g) Section 40(1) and (2) (arrest or

search).

- (h) Section 41 (search, seizure and arrest following upon entry without warrant in emergent cases).
- (i) Section 42 (Powers to investigate).
- (j) Section 43 (Powers of investigating officers).
- (k) Section 44 (Production and disposal of persons arrested and articles seized).
- (l) Section 45 (1) (Police custody of articles seized).
- (m) Section 46 (Reports of arrests, seizures and searches).
- (n) Section 47(2) and (3) (Procedure in executing warrants and in making arrests and searches).
- (o) Section 49 (grant of bail).
- (p) Section 69 (1)(a)(b) (Initiation of prosecution).
- (q) Section 75 (Confiscation and release of articles attached).
- (r) Section 76 (power to compound offences).

Provided that he shall not exercise the powers of stopping further proceeding under Section 43(2), of confiscation and release of articles attached under Section 75 without the previous approval of the District Collector, but if the case relate to sub-division, the sub- divisional officer concerned should be informed of the action taken within the Sub-division to which he is appointed.

6. **Deputy Superintendent of Excise:**  
Subject to the general supervision of the District Collector and the general control of the Commissioner of Excise, the Deputy Superintendent of Excise shall, in



subordination to the Superintendent of Excise

of the District, throughout the sub-division, exercise the powers and perform the duties conferred on him by the provisions of the Act

as specified below:

- (a) Section 13 (grant of passes)
- (b) Section 34(b) (power to require licensees viz. Manufactures and vendors to measure, weigh or test intoxicants).
- (c) Section 37 (inspection of places of manufacture and sale of intoxicants).
- (d) Section 38 (arrest, seizure and search without warrant).
- (e) Section 39(a) and (b) issue warrants for search and arrest).
- (f) Section 40(1) and (2) (arrest and search).
- (g) Section 41 (search, seizure and arrest following upon entry without warrant in emergent cases).
- (h) Section 42 (powers to investigate).
- (i) Section 43 (powers of investigating officers).
- (j) Section 44 (Production and disposal of persons arrested and articles seized).
- (k) Section 45 (1) (Police custody of articles seized).
- (l) Section 46 (Reports of arrests, seizures and searches).
- (m) Section 47 (2) and (3) (procedure in executing warrants and in making arrests and searches).
- (n) Section 49 (grant of bail).
- (o) Section 69 (1)(a)(b) (institution of prosecution).

- (p) Section 76(3) (Compound of Pachwai case).

Provided that he should not exercise the powers of stopping further proceedings under Section 43 (2) without the previous approval of the District Collector.

7. **Inspector of Excise** : The Inspector of Excise shall, subject to the general control of the Deputy Commissioner and in sub-ordination and direct control of Superintendent of Excise in a district and Deputy Superintendent of Excise in a sub-division, exercise all the powers and perform all duties conferred on him by the provisions of the Act
- Within the excise circle to which he is appointed.
- (a) Section 13 (power to grant passes for the export and transport of intoxicants stored in or issued from warehouse)
  - (b) Section 34(b) (power to require licensees viz. manufactures and vendors to measure, weigh to test intoxicants).
  - (c) Section 37 (inspection of places of manufacture and sale of intoxicants).
  - (d) Section 38 (arrest, seizure and search without warrant).
  - (e) Section 39 (a) and (b) (issue warrants for search and arrest).
  - (f) Section 40 (1) and (2) (arrest and search).
  - (g) Section 41 (search, seizure and arrest following upon entry without warrant in emergent cases).
  - (h) Section 42 (Powers to investigate)
  - (i) Section 43 (powers of investigating officers).
  - (j) Section 44 (2) (a), (b) and (3) and (4)

- (production and disposal of persons arrested and articles seized).
- (k) Section 45 (1) (police custody or articles seized).
  - (l) Section 46 (reports of arrests, seizures and searches).
  - (m) Section 47 (2) and (3) (procedure in executing warrants and in making arrests and searches).
  - (n) Section 49 (3) (grant of bail).
  - (o) Section 69 (1)(a)(b) (institution of prosecution).
  - (p) Section 76(3) (compound of Pachwai case).

**8. Assistant Inspector of Excise :** The Assistant Inspector of Excise shall, subject to the general control of the Deputy Commissioner and direct control of the Superintendent of Excise and in subordination to the Inspector and Deputy Superintendent of Excise, exercise all the powers and perform all the duties conferred on him under the provisions of the Act as

-Do-

specified below :

- (a) Section 38 (4) (arrest, seizure and search without warrant).
- (b) Section 40(1) and (2) (arrest or search).
- (c) Section 44(2)(b)&(3)(4) (production of persons arrested and articles seized).
- (d) Section 45(1) (police custody of articles seized).
- (e) Section 46 (reports of arrests, seizures and searches).
- (f) Section 47(3) (executing warrants and in making arrests and searches).
- (g) Section 49 (3) (grant of bail)

Provided that the powers under Section

shall be exercised only with the prior written approval of the Inspector of Excise. No such written approval will be necessary when he is

exclusively in-charge of the Excise circle: Provided further that the powers under Section 49(3) shall be exercised only when he

is exclusively in-charge of the Excise circle.

9. **Excise Head Constables** : Subject to the general control of the District Collector and direct control of the Superintendent of Excise in a district and the Deputy Superintendent of Excise in other sub-division and in subordination to the Inspection of Excise and Assistant Inspector of Excise, the Excise Head Constable shall exercise all the powers and perform all the duties conferred on him by the provisions of the Act as specified below :
- (a) Section 38(4) (arrest, seizure and search without warrant).
  - (b) Section 44(2)(b) (production of persons arrested and articles seized).
  - (c) Section 46 (reports of arrests, seizures and searches).

-Do-

10. **Excise Constables** : Subject to the general control of the District Collector and direct control of the Superintendent of Excise in a district and the Deputy Superintendent of Excise in other sub-division and in subordination to the Inspector of Excise and Assistant Inspector of Excise, the Excise Constable shall, exercise all the powers and perform all the duties conferred on him by the provisions of the Act as specified below :
- (a) Section 38(4) (arrest, seizure and search without warrant).
  - (b) Section 44(2)(b) (production of persons

-Do-

- arrested and articles seized).
- (c) Section 46 (reports of arrests, seizures and searches).

372. **Powers delegated to Excise Commissioner:** The powers conferred on the State Government by the portions of the Act specified below are delegated to Excise Commissioner:

- (i) Power under Section 6(2) (c) to appoint, promote and transfer, to grant leave, suspend, reduce, dismiss or otherwise punish officers of the Excise Department of and below the rank of Assistant Inspector of Excise;
- (ii) Power under Section 8(1)(a) of the Act to give permission for the import of an intoxicant;
- (iii) Power under Section 12 of the Act to prescribe passes for the transport of an intoxicant in excess of the limit of retail sale;

373. **Delegation of powers by the Excise Commissioner to the Joint Commissioner of Excise and the Collector:** The Government of INDIA is pleased to permit the delegation under Section 6(2)(e) read with Section 84(2)(a) of the Act.

**(1) By the Excise Commissioner**

- (i) to any District Collector -
  - (a) his power to transfer Excise Officers below the rank of Head Excise Constables within the district, and
  - (b) his power to appoint and grant leave, and to suspend, reduce, remove, dismiss or otherwise punish Excise Constables, Peons and Clerks.
- (ii) to the Joint Commissioner of Excise:
  - his power to grant leave to Excise Constables of Excise Intelligence Bureau, the office staff of the Joint Commissioner of Excise, INDIA.

**(2) By the District Collector to the Superintendent of Excise.**

his power to transfer Excise Constable and Chowkidars, Peons within the district and grant leave to Excise Constables, Peons, Chowkidars;

- (3) **By the District Collector:** Of all or any of his powers or duties under the provision of the Act specified below to the officer or officers designated below in respect of the particular power and duty namely:
- (a) Section 13 (power to grant passes for the import, export or transport of any intoxicant) to the Superintendent of Excise or Deputy Superintendent of Excise.
  - (b) Section 13 (power to grant passes for the transport of any intoxicant) to any officer of the Excise Department who is not below the rank of Inspector or who is in charge of a distillery or warehouse.
  - (c) Section 16(1)(iii) (power to grant permits to possess intoxicants in excess of the quantity declared to be the limit of retail sale), to the Superintendent of Excise or Deputy Superintendent of Excise.

### **POWERS AND DUTIES OF EXCISE OFFICERS**

374. **Power and duties of Commissioner of Excise:** The Commissioner of Excise is to be consulted in all important matters connected with the administration of Excise, and annual and other periodical reports of importance are to be submitted by Deputy Commissioners to the Commissioner of Excise. He should always be consulted on proposals involving any change in principle or policy.

#### **Inspection by Commissioner of Excise:**

- (a) the Excise Commissioner is required to inspect Sadar Excise offices and the office of the Joint Commissioner of Excise once in each year, as far as possible, Excise warehouse also. He is also authorized when occasion demands to inspect the distilleries from which spirits are supplied for sale. It is also the duty of the Excise Commissioner to see that the offices of warehouses and distilleries are duly and properly inspected by the Deputy Commissioners, Sub-divisional officers and Superintendents.
- (b) One copy each of his inspection notes should be submitted by him to the Deputy Commissioner and to the State Government as soon as possible after it is recorded. Two copies of action taken report should be forwarded by the Deputy Commissioner, one copy to the Excise Commissioner and the other to the Divisional Commissioner, within twenty eight days of the date on which the notes is received from the Excise Commissioner or in the case of Sadar offices, within 14 days. In the case of the Joint Commissioner of Excise, these

papers should be sent by him to the Excise Commissioner only within 14 days. Any matter arising out of the inspection which requires the order of the State Government should form the subject of a separate communication.

**375. Power and duties of the Additional Commissioner of Excise:** The Additional Commissioner of Excise shall, subject to the general control of the State Government and also of the Excise Commissioner, exercise all the duties conferred and imposed on Excise Commissioner by or under the Act.

**376. Power and duties of Joint Commissioner of Excise:**

- (a) The Joint Commissioner of Excise is directly under the control of the Excise Commissioner and is responsible for the working of the Excise Intelligence Bureau of the Excise Department. The primary duty of which is to collect information for officers and to transmit them to the District Excise staff for action. He will maintain close and constant touch with District Superintendent of Excise in collaboration with whom it will usually be convenient for him to work. He will report promptly to the Excise Commissioner any important information which may reach him through the tour diaries and reports of his subordinate or from other sources and the action he takes thereon.
- (b) He should ordinarily spend 120 days on tour in each year. He will draw up his tour programme and submit it to the Excise Commissioner at least three days before the commencement of the tour. His tour dairies will be submitted to the Excise Commissioner immediately after completion of tour.
- (c) All travelling and transfer allowance bills of the staff of Excise Intelligence and that of office shall be passed by the Joint Commissioner of Excise as Head of Office as well as Controlling Officer.
- (d) The Joint Commissioner of Excise is authorized to grant festival advance, advance on transfer and withdrawal from General Provident Fund for the staff serving in the Excise Intelligence Bureau. He is also authorized to suspend, remove, dismiss or otherwise punish Excise Constables of Excise Intelligence Bureau including the office staff of the office of the Joint Commissioner of Excise, INDIA.

**377. Power and duties of Deputy Commissioner of Excise:** The Deputy Commissioner of Excise shall, subject to the general control of the State Government and under the

direct control of the Excise Commissioner and in subordination of the Additional Commissioner of Excise, exercise all the powers and perform all duties prescribed by the Government.

He is required to inspect district and sub-divisional Sadar excise offices, warehouses distilleries and all other licensed premises with the approval of the Excise Commissioner at least once a year.

378. **Power and duties of Deputy Commissioner of District:** The Deputy Commissioner is primarily responsible for the Excise administration of his district and the control of the district Excise staff. He is required to inspect annually the district and sub-divisional excise offices, distilleries and spirit warehouses within his charge, and, as far as possible, shops licensed for the sale of intoxicants. A copy of his inspection notes will be forwarded to the Excise Commissioner with notes of action taken on any irregularity noticed therein. The annual settlement of the Excise shops situated in the Sadar sub-division should always be made by him personally, except in case of his unavoidable absence.

379. **Power and duties of Sub-divisional Officer:**

- (a) Sub-divisional Officers are in subordination to the Deputy Commissioner, responsible for the Excise administration of their sub-divisions and for the working of the sub-divisional excise offices. They may, however, with the special or general sanction of the Deputy Commissioner place officers not below the rank of Extra Assistant Commissioner in-charge of the routine duties of the offices, and spirit warehouses in absence of Excise Officer. They are required unless otherwise directed by the State Government make personally the annual settlement of Excise shops within their sub-divisions and to inspect at least once a year the sub-divisional excise office and warehouses of all descriptions within their charges. Copies of the inspection notes will be forwarded to the Deputy Commissioner, who, after taking such action as may be necessary, will transmit them to the Excise Commissioner. In the course of their tours they should, as per as possible, inspect Excise shops. They are required to maintain a close interest in all Excise question, more specially in their relation to ordinary economic conditions, and are responsible for punctual collection of the Excise revenue. They should pay particular attention to question relating to the number of location of Excise shops.



- (b) They will exercise direct control over the work of the Sub-divisional excise staff, though they should bring to the notice to the Deputy Commissioner or Superintendent of Excise any good or bad work done by the Excise Officers in their sub-divisions.

**380. Power and duties of Superintendent of Excise:**

- (a) The Superintendent of Excise is the Chief Executive Officer in a district. He is directly responsible for every branch of the Excise administration but works in subordination to the Deputy Commissioner, as regards whom he occupied the position of a technical adviser. Subject to the control of the Deputy Commissioner he is empowered to issue order on Excise matters. Copies of such order should be sent to the Sub-divisional Officers. He is in immediate charge of the Sadar Excise office and functions as the head of the office. There should be no any other officer in the middle between the Deputy Commissioner and the Superintendent of Excise for smooth and speedy Excise administration.
- (b) All other officers of the department will work under the direct control and supervision of the Superintendent of Excise, subject to such order as may be issued from time to time by the Commissioner of Excise. The chief duty of the Superintendent of Excise is to obtain the best possible and maximum amount of work from the officers under him and considerable portion of his time should be spent in personally training and guiding those officers and supervising their work. He is required to acquire a thorough knowledge of all matters connected directly or indirectly with the Excise administration of the district. He is expected to take a share in detection as an example and a stimulus to his subordinates.
- (c) The Superintendent of Excise should not be employed on duties other than those relating to his department without the sanction of the Commissioner of Excise. During the absence of the Superintendent of Excise on tour, a Deputy Superintendent of Excise or a Senior Inspector of Excise, and in their absence an Extra Assistant Commissioner should be placed in-charge of the routine work at the Sadar Excise office but all papers disposed of by such an officer and also all papers received during the absence of the Superintendent of Excise should be put up to him on his return. Papers relating to important matters, however, must always be dealt with by the Superintendent of Excise, and if necessary, such papers may be sent out to him on tour.

- (d) The Superintendent of Excise should ordinarily spend 100 days on tour each year. He will draw up a fortnightly tour programme and submit it to the Deputy Commissioner, at least 3 days before the commencement of tour. His diaries (which should contain information as to the work done daily both at headquarters and on tour) will be submitted in duplicate to the Deputy Commissioner at the end of each month, portion of importance relating to sub-divisions being sent to the Sub-divisional Officers, for transmission through proper channel, after necessary action, to the Commissioner of Excise, who will after perusal, retain one copy in his office and return the other to the Deputy Commissioner when the same will be filed in the Sadar Excise office. Diaries containing confidential information will be submitted to the Deputy Commissioner by name in sealed covers and similarly transmitted by him to the Commissioner of Excise. In the course of his tours special attentions should be directed to the inspection and preventive work of the subordinate staff, to the investigation of offences under the Excise and Narcotics Drugs and Psychotropic Substances laws and to the sites, management of licensed premises and the observance of the conditions of licence, more especially in the case of county spirit shops in the tea garden and other industrial areas. Fluctuation in consumption should be enquired into and the causes thereof ascertained. The above matters and anything other of interest should be briefly noted in the monthly diaries.
- (e) The Superintendent of Excise should inspect as many, Excise shops and other licensed premises within the district, as possible. He should also inspect the Sadar and sub-divisional Excise offices once a half year and the spirit warehouse once a quarter. He should also take stock of spirit in the spirit warehouse within his charge towards the end of each quarter. If he is prevented from carrying out any of the quarterly stock taking operations, it will be done by the officer-in-charge of the warehouses but the Superintendent of Excise should, as soon afterwards as possible, verify the stock taking carried out by the officer-in-charge. Notes of inspection will be recorded by the Superintendent of Excise in the inspection book. A copy of his inspection report will be forwarded to the Commissioner of Excise along with the notes of action taking on any irregularities notice therein. The Superintendent of Excise is also expected to make frequent visits to the spirit warehouses, distilleries and licensed retail shop at irregular and unexpected

intervals. This class of inspections need not embrace a complete survey of the licensed premises mentioned above.

- (f) All travelling and transfer allowance bills of the Sadar Sub-divisional Excise staff must be checked and passed by the Superintendent of Excise and signed as head of the office and controlling officer. The Superintendent of Excise is authorized to disallow travelling allowance for a halt or journey or a number of halts or journeys where he finds that the halt or journeys have been made only for sake of travelling allowance or that the work done does not justify the amount charged as travelling allowance.
- (g) The Superintendent of Excise is authorized to grant festival advance, advance of transfer and advances and withdrawal from General Provident Fund of the district staff serving under him.

**381. Power and duties of Deputy Superintendent of Excise:**

- (a) The Deputy Superintendent of Excise is directly subordinate to Superintendent of Excise subject to general supervision of District Collector and under the general supervision and control of Commissioner of Excise.
- (b) All other officers of the Department within his jurisdiction will work under his supervision, subject to such order as may be issued from time to time by the higher authorities. The chief duty of the Deputy Superintendent of Excise is to obtain the best possible and maximum amount of work from the officers serving under him and a considerable portion of his time should be spent in personally training and guiding those officers and supervising their work. He is required to acquire a thorough knowledge of all matters connected directly or indirectly with Excise Administration of his area. He is required to take part in detection as an example and incentive to his subordinates.
- (c) The Deputy Superintendent of Excise should ordinarily spend 100 days on tour each year. He should draw up fortnightly tour programme and submit to Superintendent of Excise and Sub-divisional Officer or any other higher authority at least three days before the commencement of his tour. His diaries (which should contain information as to the work done daily both at headquarters and on tour) will be submitted in duplicate to the Deputy Commissioner through the Sub-divisional Officer and the Superintendent of Excise at the end of each month. The Deputy Commissioner after necessary action will send the same to the Commissioner of Excise, who will after perusal, retain one copy in his office and return the other to the Sub-

divisional Officer, when the same will be filed in the Sadar Excise office. Diaries containing confidential information will be submitted to the Sub- divisional Officer. In the course of his tours special attentions should be directed to the inspection and preventive work of the subordinate staff, to the investigation of offences under the Excise and Narcotics Drugs and Psychotropic Substances laws and to the sites and management of licensed premises on the observance of the conditions of licence, more especially in the case of country spirit shops in the tea garden and other industrial areas. Fluctuation in consumption should be enquired into and the causes thereof ascertained. The above matters and other of interest should be briefly noted in the monthly diaries.

- (d) The Deputy Superintendent of Excise should inspect shops and other licensed premises within his jurisdictions. He would pay visits to the warehouse and distilleries and supervise the operation of the warehouse and work of his subordinates. He is also required to inspect the work of the patrol parties and the station diary maintained in each circle to know the movements and work of each of the personal posted there.
- (e) All travelling and transfer allowance bills of the Sub-divisional Excise staff must be checked and passed by the Deputy Superintendent of Excise and signed as Head of the office and Controlling Officer. The Deputy Superintendent of Excise is authorized to disallow travelling allowance for a halt or journey or a number of halts or journeys where he finds that the halt or journeys have been made only for sake of travelling allowance or that the work done does not justify amount charged as travelling allowance. He is the drawing and disbursing officer of the Sub-divisional Excise office.
- (f) The Deputy Superintendent of Excise is authorized to grant festival advance, advance on transfer and advances and withdrawal from General Provident Fund of the Excise staff serving under him.

### **382. Inspector of Excise:**

- (a) Inspectors of Excise are directly subordinate to the Superintendent of Excise, and under the general control of the Deputy Commissioner.
- (b) They are required to spend 20 days in each month on tour, and to inspect all licensed premises once in each quarter unless the Deputy Commissioner or the Superintendent of Excise shall, for special reasons, prescribed a smaller number of inspection in the case of particular premises. They should pay

particular attention to the inspection of country spirit, looking into the management by the licensees and the observance of the condition of licences, more specially in the case of country spirit shops situated in tea gardens and other industrial areas. Fluctuation in the consumption during the current year and the corresponding period of the previous year should be enquired into and embodied in the weekly diary. Besides regular inspections, Inspectors of Excise should pay surprise visits at usual intervals to Excise premises. The Inspector should change their modus operandi from time to time so as to make their visits really surprise ones.

- (c) They should draw up fortnightly tour programmes and submit the same to the Superintendent of Excise under confidential covers at least a week before the commencement of the tours, so as to enable the latter to modify the programmes if necessary and issue order accordingly. Absence of any order will indicate that the programme has been approved. Any deviation from tour programme should be explained in the diaries which should contain information relating to work done daily both at headquarter and on tour. The diaries should be submitted weekly to the Superintendent of Excise who will after perusal, pass orders thereon and will also show portion containing any important or interesting matter to the Deputy Commissioner. When considered necessary, extracts from Inspectors diaries with his remarks will be forwarded by the Superintendent of Excise to the Sub-divisional Officers. After taking necessary action, the diaries will be filed in the Sadar Excise Officer or, if the Inspectors are serving in sub-divisions, will be sent to the sub-divisional Excise offices to be filed therein.
- (d) Inspectors will, immediately upon the detection of a case submit a special report to the Superintendent of Excise, a copy of the report being at the same time submitted to the Sub-divisional Officer if the Inspector is stationed in a sub-division.
- (e) Each Inspector of Excise is required to maintain a confidential note book, wherein all information relating to offence under the Excise and opium laws etc. and the names of notorious smugglers, suspects, informers and spies residing or working within his charge should be noted. The officer will also enter in the confidential note book details work done with informers and spies on every occasion and progress made towards the detection of a particular case or cases. Such note books will be open to inspection and scrutiny by his superior inspecting officers. When an officer is transferred

from one station to another, he will make over the confidential note book to his successor or leave the same in a sealed cover to be opened and received by the latter.

- (f) Inspectors are prohibited from accepting hospitality from licensed vendors.
- (g) Inspectors who should ordinarily be kept informed of the visit by the Joint Commissioner of Excise, when time permits, make it a point of visiting him when he is in their circle headquarter.

383. **Powers and duties of Officers-in-charge of warehouses:** Officers-in-charge of warehouses are, for administrative purposes, directly subordinate to the Superintendent of Excise and under the general control of the Deputy Commissioner of the district. They are responsible for keeping regular accounts showing the quantity and strength of spirit/foreign liquor received and issued from the warehouse. They shall submit all returns punctually.

The officer-in-charge must not leave the warehouse premises during the working hours without the permission of the Superintendent of Excise.

They are also responsible for the efficient working of the warehouses under their charge and for any loss of government revenue which may occur owing to mismanagement. They should assist contractor and retail vendors as per as practicable without detriment to the interest of government. The officers-in-charge are required to report to the Superintendent of Excise all cases in which the stock of spirits falls below the daily minimum prescribed and they are responsible for seeing that spirit is issued promptly to the wholesale and retail vendors.

384. **Powers and duties of Assistant Inspector of Excise:** The Assistant Inspector of Excise under the general control of the Excise Commissioner and in subordination to the Deputy Commissioner within their local jurisdiction is directly subordinate to the Superintendent of Excise, Deputy Superintendent of Excise and Inspector of Excise concerned. He is responsible for the efficient working of the staff serving under him. He should assist the Inspector of Excise in all matters and obey the instruction given to him by the Inspector of Excise from time to time. The diaries should be submitted weekly to the Superintendent of Excise in the Sadar sub-division and the Deputy Superintendent of Excise in other sub-division through the respective Inspector of Excise who will after perusal pass necessary orders thereon. The Deputy Superintendent of Excise will send portions containing any important or interesting matter to the Superintendent of Excise. He is required to maintain a station diary

where the daily movement of the staff and works done by them collectively or individually must be noted. He is required to place the station diary before the Inspector of Excise daily for his examination and action. He must help his subordinates in preparation of travelling allowances bills.

All communications intended to be submitted to the higher authority should be sent through the Inspector of Excise.

385. **Powers and duties of Excise Head Constables :** The Excise Head Constable is directly subordinate to and under direct control of the superior officers from the Assistant Inspector of Excise to Superintendent of Excise and are under the general control of the Deputy Commissioner. They shall exercise the power as prescribed under Rule 371(9) of these Rules and perform all duties as will be assigned to him by the superior officers from time to time. All communications intended to be submitted to the higher authority should sent through proper channel.
386. **Powers and duties of Excise Constable :** The Excise Constable is directly subordinate to and under direct control of the superior officers from the Assistant Inspector of Excise to Superintendent of Excise and are under the general control of the Deputy Commissioner. They shall exercise the power as prescribed under Rule 371(10) of these Rules and perform all duties as will be assigned to him by the superior officers from time to time. All communications intended to be submitted to the higher authority should be sent through proper channel.

#### **MISCELLANEOUS RULES UNDER GENERAL PROVISION**

387. **Passes for free access to railways:** On the requisition of the Superintendent of Excise periodical permits for free access to the Railway stations and to the local train of the North Eastern Frontier Railway, will be issued by the Station Master or any other authorized officers to do so to the Excise staff headed by the Inspector of Excise posted at Railway Station. In order to ensure harmonious working with the Railway staff, the Excise officers whose duties are likely to take them in to the Railway premises should be careful to apply for those permits and also to apply in good time for their renewal.

**388. Nature of requisition:**

- (a) When any Excise Officer not below the rank of Assistant Inspector requires the aid of any officer referred to in Section 50 of the INDIA Excise Act, 2000, in making any arrest or search under the Act, he shall send a requisition which shall be in writing (if the exigencies of the occasion permit) stating the nature of the aid required and the reasons for which it is required:
- (i) if the aid of the police is required to the officer-in-charge of the police station within the limits of which the arrest or search is to be made, or
  - (ii) if the aid of any other officer referred to in the said section is required to the nearest superior officer of the department or body which he serves; provided that in case of emergency such Excise officer may require aid from the nearest available officer.
- (b) if any officer to whom a requisition is sent or made under sub-rule (a) above feels unable to render the aid required, he shall forthwith inform the requiring officer of his reasons for withholding it, and shall, if necessary, refer to his immediate superior for instructions.
- (c) a village Gaon Burah is to aid as required by an Excise Officer in the matter of making any arrest, search or seizure or a distraint of movable property within the village for which he is appointed.

**389. Police assistance in carrying out raids:**

- (i) In all cases in which it is decided that armed police should accompany the raiding party, the strength of the armed police will be fixed by the Superintendent of Police in consultation with the Superintendent of Excise and Deputy Superintendent of Excise. The Superintendent of Police will also detail a reliable officer as in-charge of the armed police party, who will help in successful operation of the Excise raid.
- (ii) In all cases where only unarmed police are with the Excise party, the police will be under the control of the senior Excise officer present.

**390. Photograph of professional NDPS smugglers:** It is desirable that there should be on record photographs of professional smugglers. In giving effect to this proposal the instructions noted below should be followed:

- (a) All photographs should be taken in accordance with the provisions made in the "Identification of Prisoners Act" (Act No.XXXIII of 1920), the rules prescribed in Notification No.3666 C.J. of the 16<sup>th</sup> June, 1925 and the



Instructions laid down by Correction Slip No.26 at page 57 of the INDIA Police Manual, Part-IV, 1931.

- (b) The photographs of all persons who appears to the Deputy Commissioner to be professional smugglers or who appears likely to repeat the offence of smuggling should be taken full face and in profile immediately after conviction under the Opium Act. Photographs need not be taken of person found in possession of small quantities of opium obviously intended for their own consumption.
- (c) Fifteen copies of each of the photos should be sent to the Joint Commissioner of Excise for distribution as soon as the conviction has become final, i.e. when appeals have been dismissed or are time barred.
- (d) Each Superintendent of Excise (including the Joint Commissioner of Excise) will maintain a book in which copies of photos should be struck with a description of the circumstances in which the offence was committed and detected. This information should accompany the photographs when they are sent to the Joint Commissioner of Excise.
- (e) The cost of photographs should be met from the provision made in the Excise Budget contract contingencies.

Note: For instructions regarding the taking of finger prints in the cases under NDPS Act, see Part-IV of the INDIA Police Manual, Finger Print Rules, 1931.

391. **Use of handcuffs or ropes in securing prisoners:** Excise officers effecting arrest or escorting prisoners should observe the principles laid down for police officers. Viz. Rule 213 and 214 of INDIA Police Manual, Part-V Act, 1932. It must, however, be borne in mind that persons arrested in Excise offences are frequently of a class which may reasonably be expected to attempt escape, and if the excise officer considers that this is likely, he has discretion to use handcuff even in bailable cases.
392. **Attachment and sale by a civil court of intoxicants:** Under the provisions of the Civil procedure Code, a civil court has power to attach and sell any stock in trade of a judgment debtor for the realization of his dues. But as the possession of an intoxicant above the prescribed limit is forbidden by law exempt under a permit from the Superintendent of Excise the sale of all intoxicants under attachment will necessarily require the Superintendent of Excise intervention. In such cases the Civil court will ordinarily ask the Superintendent of Excise to arrange for the conduct of the sale.

393. **Prohibition of certain transactions with Excise Officers:** Any transaction of the nature of gift or loan between the holder of a licence, or pass and an officer of the Excise department is absolutely prohibited.
394. **Powers of Inspectors of Excise when holding charge of District:** All the powers and duties assigned to the Superintendent of Excise shall be exercised and performed by the Inspectors of Excise when appointed to hold charge of districts.
395. **Limits of jurisdiction of officers:** Notwithstanding anything contained in Rules 371 the Government of INDIA are pleased to declare with reference to Section 38 of the Act, that there shall be no limit of jurisdiction within the territories to which the Act applies for the Excise and other Department officers named therein, but all persons arrested and seizure made thereunder outside their local jurisdiction shall without delay, be made over to the Excise Officer having local jurisdiction or to the officer-in- charge of the nearest Police station.

**Changes in Narcotic Drugs and Psychotropic Substances and Excise Policy to be reported to Government of India:** In order to secure harmonious working of the Narcotic Drugs and Psychotropic Substances and Excise administration as a whole, the Government of India desire that every State should keep in close contact and touch with fresh development in other States so that each may where it stands. The most convenient way of securing this object is for province embarking on any new policy to furnish full information in regard to its intention to Central Government who will in turn pass it on to other States. To enable other State Government to adjust their arrangements, if necessary timely information should ordinarily be given before the changes are actually introduced. Where for any reason this course is not possible, there should be no delay in reporting the introduction of any important change.

### **GRANT OF REWARDS**

396. The payment of all rewards is subject to budget provision. In no circumstances reward should be granted to lessees of Excise shops. Rewards may be granted by the Commissioner of Excise, the Joint Commissioner of Excise and the District Collector to persons contributing to the prevention of offences under the INDIA Excise Act, 2000 and the Narcotic Drugs and Psychotropic

Substances Act, 1975 or to the detection and conviction of the offences against the above said Acts, subject to such instruction as may be issued by the Government of INDIA from time to time.

397. **Power of Commissioner of Excise, Additional Commissioner of Excise, Joint Commissioner of Excise, to grant reward to informers when no prosecution is made :** The Commissioner of Excise, Joint Commissioner of Excise and the District Collector may grant a reward not exceeding the following amounts respectively Rs.2,000.00, Rs.1,000.00 and Rs.500.00 where no proceedings have been instituted against the offender to any person who may give information leading to the detection or prevention of offences by the Excise staff under the Excise and NDPS laws and rules.
398. **Rewards permissible where prosecution takes place:**
- (a) In cases of prosecution for offences against the Excise and NDPS Acts whether ending in conviction or not, the Commissioner of Excise may grant rewards of Rs.1,000.00 to persons instrumental in the detection of the offence.
  - (b) Rewards after prosecution. In cases of huge seizure viz big cases of truck load of seizure where a penalty is imposed or confiscation ordered by a competent court, the Government may grant the responsible detecting Excise officer a reward not exceeding Twentyfive percent of the sale proceeds of the liquor or imtoxicant confiscated to the State plus fifty percent of the amount of fine imposed therein. Provided the amount of reward thus granted shall not exceed Rupees Ten Thousand in any case.  
Suitable rewards for detecting of big cases at excise check gates at Srirampur, Chagalia (Boxirhat), Khanapara, Churaibari or any other commercial check post combined with Sale Tax Department may be granted by the Commissioner of Excise, if, he things appropriate within his financial power.
399. **Principles to be observed in granting rewards :** The informer should ordinarily get the largest share; the next largest should go to the head of the force making the detection, except where lengthy and intricate detective enquiries have to be undertaken, in which case the responsible officer may get the largest share. The Superintendent of Excise while recommending reward should carefully scrutinize the part played by each officer or outsider. Consolidated rewards should be granted

where more than one cases are detected as a result of one and the same raid. In all proposals for distribution of rewards, the claims of the police on account of service rendered by them should be recognized as fully as those of subordinates of the Excise Department.

400. **Rewards not be granted in petty cases :** Reward should not be granted liberally, but only after careful examination of each case. In granting rewards direction should be exercised in each case, and sanction should be given if applied for, not as a mere matter of form, but only in important cases in which it is necessary to encourage and reward the persons instrumental in detection. In the case of petty offence, e.g. sale of small quantities of fermented tari or manufacture of a small quantities of pachwai, rewards should not be granted. Reward should be granted only in cases which are really important. It will depend entirely on the discretion of the Excise Commissioner to decide in what cases rewards should or should not be granted. The mere recording of statements of witness or sending up an accused for trial are no more than the ordinary routine duties of an officer and do not entitle him to a reward.
401. **Officers not eligible for rewards:** Police officers of or above the rank of Deputy Superintendent, and Excise officers above the rank of Inspector are not eligible for rewards in Excise or NDPS cases.
402. **Period of appeal to be awaited:** In a case in which appeal lies against the order of the first Court, no reward should be paid to Government officers and outsiders in Excise and NDPS case until after the expiry of the appeal time or if an appeal be preferred, until the appeal is disposed of.
403. **Importance of prompt payment:** Promptness in the disbursement of rewards is of the great importance. Superintendent should therefore arrange for reward in excise cases to be paid as soon as they have been sanctioned. All bills for rewards will be drawn in regular contingent bill forms and disbursed through the sadar Excise Office, save that amounts required for payment in a sub-division should be remitted to the Deputy Superintendent of Excise, for payment.

When payments are made to informers whose names it is not desirable to divulge, the Superintendent of Excise, Sub-divisional Officer or Superintendent of Police (see rule below) shall, in lieu of the payee's acknowledgement or receipt furnish a

certificate in duplicate, one copy being pasted in the acquittance roll in lieu of the payee's receipt while the other will be submitted to the Comptroller.

404. **Rewards to police officers:** Superintendent of Excise will recommend to Superintendent of Police the names of deserving police officer of or below the rank of Inspector to be rewarded by Police Department.
405. **Departmental head of office to be consulted when a reward is to be given:** In the case of rewards proposed to be given to officers belonging to departments other than the Excise Department the district head of the department concerned should ordinarily be consulted before any reward is sanctioned.

### **SECRET SERVICE EXPENDITURE**

406. **Secret service payments:** Where there is a grant for secret service work and expenditure is necessary for the payment of expenses of, or rewards to informers, either before or after the institution of a case, the following procedure should be followed:

Money will be drawn from the Treasury by the Excise Commissioner as occasion arises on regular contingent bills. No indication will be given as to the names of the payees or the particulars of the payments. The Excise Commissioner will furnish a disbursement certificate and retain the payee's receipts. This certificate may be furnished on the bill on which the charge is drawn or furnished afterwards in cases where payment has to be made by drawing a bill from the treasury instead of from the permanent advance.

### **APPEALS AND REVISION**

407. An appeal against the order of the Excise Commissioner, a District Collector, a Collector other than a District Collector or an authority prescribed in the Rules in respect of revenue matter shall lie to the INDIA Board of Revenue.
408. Every memorandum of appeal must be presented within one month from the date of the order appealed against; provided that the time required for obtaining a copy of the order shall be excluded from the calculation of the period of one month.

- 409 (1) Every memorandum of appeal shall be accompanied by a certified copy of the order appealed against, unless the omission to produce such a copy is explained to the satisfaction of the Appellate Authority.
- (2) Every memorandum of appeal shall bear a court fee stamp of Rs.24.75 or an amount as may be specified by the Government from time to time in schedule provided under the Court Fees Act, 1870 for affixing on such appeal petition.
410. The INDIA Board of Revenue while entertaining the appeal may stay execution of the order appealed against and pass such interim order as it may consider expedient.
411. In hearing appeal the INDIA Board of Revenue may call for the concerned proceedings held by any of the officers or authorities as mentioned in the Rule 407 above and pass such order or orders thereon as it thinks fit.

Note : The above rules regarding appeals do not apply in appeals by departmental officers. Appeals by them are governed by the rules applicable to other Government servants.

### **CLOTHING**

412. **Supply of uniform to certain classes of officers:** Superintendents, Deputy Superintendent of Excise, Inspector of Excise and Assistant Inspector of Excise shall provide themselves at their own expenses with the prescribed articles of uniform. These officers will make their own arrangements for obtaining and making their uniform; for this purpose they can have an advance as laid down under Rule 446 of these Rules. Rank badges, buttons etc. must however be obtained from the Excise Commissioner. The uniforms including rank badges, buttons etc. for the Excise Head Constable and Excise Constable will be supplied by the Excise Commissioner free of cost. The Superintendents of Excise will see that the uniforms of all officers subordinate to them are properly cut and fitted of suitable material and of the prescribed shade of Khaki.
413. **Maintenance of suits of uniforms:** Superintendents of Excise, Deputy Superintendents of Excise, Inspector of Excise and Assistant Inspector of Excise are expected to maintain three sets of uniform except for head dress, rank badges of which one set will suffice.

**414. Departmental badges and buttons:**

- (i) Device for departmental badges and buttons:-  
The monogram "A.E." encircled by a wreath with Ashoka Stambha above
- (ii) Buttons will be of white metal for Superintendents, Deputy Superintendents, Inspectors, Assistant Inspectors of Excise and yellow metal for Excise Head Constables and Constables. They will be concave, die-struck and embossed with departmental device of the following sizes:
- |        |   |           |
|--------|---|-----------|
| Large  | - | 35 lines. |
| Medium | - | 30 lines. |
| Small  | - | 24 lines  |

**415. Articles of uniform of Superintendents, Deputy Superintendents, Inspectors and Assistant Inspectors:** The following articles of uniforms are prescribed for Superintendents of Excise, Deputy Superintendents of Excise, Inspectors of Excise, Assistant Inspectors of Excise, Excise Head Constables and Excise Constables:

Note: Officers leaving the department may sell their uniform by private arrangement to the officers in the force.

**SUPERINTENDENT OF EXCISE:**

RANK BADGE	Ashoka chakra with "AES" badge in white metal
SHIRT	Police pattern khaki shirt with shoulder flap or khaki shirt with sleeves with shoulders flap with blue whistle chord.
TROUSERS	Khaki long pant fitted with loops for belt.
CAP	Khaki woolen peak cap with ashoka chakra emblem or blue beret cap with ashoka chakra.
BELT	Brown leather belt police pattern with chapras squire type with ashoka chakra surrounded with letter "INDIA EXCISE"
SHOE	Tan brown leather plain.
WHISTLE	Nickel plated police pattern whistle.
SHOCKS	Khaki woolen or cotton.
TIE	Blue with orange stripes
JERSEY	Khaki woolen police pattern.

**DEPUTY SUPERINTENDENT OF EXCISE:**

RANK BADGE	Three five angled star with “AES”
SHIRT	Police pattern khaki shirt with shoulder flap or khaki shirt with sleeves with shoulders flap with blue whistle chord.
TROUSERS	Khaki long pant fitted with loops for belt.
CAP	Khaki woolen peak cap with ashoka chakra emblem or blue beret cap with ashoka chakra.
BELT	Brown leather belt police pattern with chapras squire type with ashoka chakra surrounded with letter “ INDIA EXCISE”
SHOE	Tan brown leather plain.
WHISTLE	Nickel plated police pattern whistle.
SHOCKS	Khaki woolen or cotton.
TIE	Blue wit h orange stripes
JERSEY	Khaki woolen police pattern.

**INSPETOR OF EXCISE:**

RANK BADGE	One five angled star with “AES” white metal.
SHIRT	Police pattern khaki shirt with shoulder flap or khaki shirt with sleeves with shoulders flap with khaki whistle chord.
TROUSER	Khaki long pant fitted with loops for belt.
CAP	Khaki woolen peak cap with ashoka chakra emblem or khaki beret with ashoka chakra.
BELT	Brown leather belt police pattern with chapras squire type with ashoka chakra surrounded with letter “ INDIA EXCISE”
SHOE	Tan brown leather plain.
WHISTLE	Nickel plated police pattern whistle.
SHOCKS	Khaki woolen or cotton.
TIE	Blue wit h orange stripes
JERSEY	Khaki woolen police pattern.



**ASSISTANT INSPECTOR OF EXCISE:**

RANK BADGE	Two five angled star with “AE” white metal and purple red ribbon.
SHIRT	Police pattern khaki shirt with shoulder flap or khaki shirt with sleeves with shoulders flap with khaki whistle chord.
TROUSER	Khaki long pant fitted with loops for belt.
CAP	Khaki woolen peak cap with ashoka chakra emblem .or brown beret with ashoka chakra in white metal.
BELT	Brown leather belt police pattern with chapras square type with ashoka chakra surrounded with letter “ INDIA EXCISE”
SHOE	Tan brown eather plain.
WHISTLE	Nickel plated police pattern whistle.
SHOCKS	Khaki woolen or cotton.
JERSEY	Khaki woolen police pattern.

**HEAD EXCISE CONSTABLE:**

RANK BADGE	Three “v” white stripes on upper arms of shirt and “AE” badge in white metal.
SHIRT	Police pattern khaki shirt with shoulder flap or khaki shirt with sleeves with shoulders flap with khaki whistle chord.
TROUSER	Khaki long pant fitted with loops for belt.
CAP	Khaki woolen barot cap with ashoka chakra emblem.
BELT	Brown leather belt police pattern with chapras square type with ashoka chakra surrounded with letter “ INDIA EXCISE”
SHOE	Black leather plain.
WHISTLE	Nickel plated police pattern whistle.
SHOCKS	Khaki woolen or cotton.
JERSEY	Khaki woolen police pattern.

**EXCISE CONSTABLE:**

RANK BADGE	“AE” badge in white metal.
SHIRT	Police pattern khaki shirt with shoulder flap or khaki shirt with sleeves with shoulders flap with khaki whistle chord.
LONG PANT	Khaki long pant fitted with loops for belt.
CAP	Khaki woolen beret cap with ashoka chakra emblem.
BELT	Brown leather belt police pattern with chapras square type with ashoka chakra surrounded with letter “ INDIA EXCISE”
SHOE	Black leather plain.
WHISTLE	Nickel plated police pattern whistle.
SHOCKS	Khaki woolen or cotton.
JERSEY	Khaki woolen police pattern.

ARM BADGE/Patch : In addition to above, all Excise officials from the level of Superintendent of Excise to the level of Excise Constable shall wear Arm Badge/ Patch on blue background and inscribed with golden colour, the letter “AE” as used before in cap badge .

416. **Supply of uniform to Head Constables and Excise Constables at Government expenses:** Excise Head Constables and Excise Constables will be provided with the prescribed uniform at Government expenses. Rules above as regards the wearing of uniform will also apply to Head Constables and Excise Constables.
417. **When uniforms are to be worn:** Uniforms will be worn on the following occasions.
- State ceremonies.
  - When meeting the Governor on the occasion of private arrivals and departures.
  - During official interview with the Governor or with Ministers.
  - When meeting officials of high rank e.g. when visiting the Deputy Commissioner of a District or meeting officers of the rank of Excise Commissioner.

- (e) On all occasions on which an officer is on duty e.g. during inspections, investigation on cases, enquiries, conferences, when attending Court to give evidence, etc. provided that no officer need wear uniform when for the purpose of detection it is necessary for him to conceal his identity.
418. **Uniforms of officers while officiating in superior appointment:** Officers while officiating in superior appointments may continue to wear the uniforms of their substantive rank.
419. **Mourning band:** On occasions of public mourning and when attending funerals, all officers in uniform will wear a piece of black crape, 9 cm wide, round the left arms above the elbow.
420. **Watch chains and trinkets not to be displayed:** Medals and medal ribbons – Watch chains and trinkets and not to be displayed outside the uniform. Medal ribbons are to be worn on the left breast. On formal occasions the medals themselves will be worn.
421. **First kit of Excise Head Constables – Period of life:** A Excise Head Constable will be provided with the following uniform, each article of which should last, as a minimum, the period stated:

ARTICLE	NUMBE R	Life (in years)
CAP	1	2
MONOGRAM	1	10
CHEVRONS	1 SET	2
SHIRTS	2 PAIRS	1 ½
TROUSERS	2 PAIRS	1 ½
JERSEY	1	2
BELT	1	10
BOOTS	1	1 ½
SHOES	1	1 ½
HAVERSACK	1	2
KIT BOX	1	10
BADGES AND BUTTONS	1 SET	10
WHISTLE WITH CORD	1	10
CHEVRONS	1 SET	1 ½

422. **First kit of Excise Constables – period of life:** Subject to provisions of Rule 423 an Excise Constable will be provided with the following uniform, each article of which should last, as a minimum, the period stated :

ARTICLE	NUMBE R	Life (in years)
CAP	1	2
MONOGRAM	1	10
SHIRTS	2 PAIRS	1 ½
TROUSERS	2 PAIRS	1 ½
BOOTS	1 PAIRS	1 ½
SHOE	1 PAIR	1 ½
HAVERSACK	1	2
JERSEY	1	2
BELT	1	10
LATHI	1	20
KIT BOX	1	10
BADGES AND BUTTONS	1 SET	10
WHISTLE WITH CORD	1	10

- 423 **Supply of coats and water proofs:** In addition to the first kits mentioned in Rules 421, 422 great coats of khaki serge (with orange piping and A.E. buttons) and water proofs will be provided according to district requirements. The estimated life of a great coat is 6 years and of water proof 5 years.
424. **When first kit to be issued:** All excise constables on first appointment or an promotion to Excise Head Constable, there should be two general issues of clothing in a year, one in November and one in March. But defects should be made good at any time. A tailor should be engaged to fit clothing at the time of issue.
425. **Liability to bear cost of replacement:** Uniforms issued by Government remain Government property and a man who negligently losses or prematurely wears out his uniforms is liable not only to bear the cost of replacement by also punishment in addition.
426. **Responsibility of Superintendents, etc. for state of kits of Excise Head Constables and Excise Constables:** Inspectors will be held responsible for the state of the kits of all the men serving under them and the Superintendent of Excise for the State of all the kits kept in store at headquarters. Superintendents (including the Joint Commissioner of Excise) are generally responsible for seeing that the kits are adequate and kept clean and in proper repair. Kits inspection should be held

quarterly by Inspectors. The Inspection must be thorough, each article being carefully examined, and any serious defects found being reported to the Superintendent of Excise, who will take suitable action thereon. Superintendents of Excise should inspect all kits at sub-divisions during their inspection of sub-divisional offices. They should also inspect all the kits in the Sadar sub-division once a year.

**427. Return of kits by men going on leave etc.**

- (i) The kits of men going on leave for over four months should be taken from them and kept in store.
- (ii) Clothing of men leaving the force by retirement, resignation, discharge, dismissal or death should be washed and taken into store and examined by the Superintendent of Excise who will class such articles under one of the following heads viz.
  - (1) Serviceable, i.e. fit for re-issue.
  - (2) Unserviceable, i.e. quite unfit for re-issue.

The serviceable uniform should be re-issued and the un-serviceable uniform should be destroyed.

The clothing actually worn by men while suffering from infectious diseases will invariably be declared "Unserviceable" and should be destroyed at once.

**428. Indents for clothing:** Indents for clothing should be made by the Superintendent of Excise after carefully estimating the requirements of each year to the Commissioner of Excise.

**429. Examination of consignment of clothing:** On the arrival of a consignment of clothing, the Excise Commissioner or any officer authorized by him should be present at the opening of the package, to examine and report on the contents. If he passes the clothing, it will be accepted and entered in the register of receipts. If any articles are unsatisfactory, the supplier may be asked for replacement.

**430. Maintenance of register of receipts and issues:** A register of receipts and issues of clothing and equipment in Form No.25 of Schedule XXXI (S.V.- Miscellaneous) should be maintained in the office of the Commissioner of Excise. The Superintendent and the Deputy Superintendent in the district and Sub-divisional Office shall maintain a register of receipt and issue of uniform to Excise Head Constable and Excise Constable.

431. **Stamping, etc. of clothing when issued:** The issues of clothing should be entered in the register as soon as the issues have taken place. Clothing should never be issued except under the written order of Superintendent of Excise. All articles of clothing and equipment issued should be stamped or marked with indelible ink with –
- (i) the first two letters of the district
  - (ii) the date of issue
  - (iii) the initials of the man to whom issued.
432. **Maintenance of an individual clothing account:** An Individual Clothing Account will be kept for Head Excise Constables and Excise Constables in form No.26 of Schedule XXXI (Section V-Miscellaneous). This account should show all articles of clothing and equipment issued to them as well as the date of issue and life “life” of each article. It should be corrected from time to time, so as to show exactly what clothing and equipment each man has in his possession.
433. **Issue of great coats and water proofs:** Great coats and waterproofs should be issued in accordance with district requirements. Normally great coats should be issued in November and taken back into store in March, but this may be varied according to the climatic conditions of the district concerned.
434. If and when budget provisions so permit, the office peons of the office of the Commissioner of Excise and those of them in the District and sub-divisional Excise offices shall be provided with required uniform from Excise Head of Account. Drivers of Excise Departmental vehicles, if and when appointed on permanent basis, shall be supplied with uniforms on Government expenses and these uniform shall be of the pattern of those taken up by the INDIA State Transport Corporation.

## **LEAVE, LEAVE ALLOWANCE, SERVICE RECORDS, QUARTERS,**

### **ADVANCES AND REFUNDS LEAVE AND LEAVE**

### **ALLOWANCES**

435. **Excise Commissioner's power to grant leave to Superintendents:** The Commissioner of Excise is empowered to sanction leave for a period not exceeding one month to a Superintendent of Excise; provided he is able to make arrangements

for carrying on the absentee's work during the period of leave without asking for extra officer.

**436. Leave of gazetted Excise officers:**

- (a) Leave applications received from the Additional Commissioner of Excise, Joint Commissioner of Excise, Deputy Commissioner of Excise shall be forwarded to Government by the Commissioner of Excise, with his recommendation.
- (b) Application received from the Superintendent of Excise and the Deputy Superintendent of Excise posted in District and Sub-division shall be forwarded to the Commissioner of Excise by the Deputy Commissioner and the Sub-divisional Officer (Civil) respectively with their recommendation for sanction. Application received from the Deputy Superintendent of Excise posted in a District Head Quarter shall be forwarded to the Commissioner of Excise by the Superintendent of Excise with his recommendation for sanction. The Commissioner of Excise shall forward the application to Government with his recommendation if the period of leave exceeds 30 days. When, however, the period of leave applied for does not exceeds 30 days the Commissioner of Excise can sanction the leave making necessary officiating arrangements. The notification granting such leave should be published in the Gazette over the signature of the Commissioner of Excise and a copy sent to the State Government for information.
- (c) The Commissioner of Excise is authorized to grant leave to the Registrar of his establishment with officiating arrangement thereof. The notification of granting such leave should be sent to the State Government for information.
- (d) Leave applications from Inspectors of Excise, Assistant Inspectors of Excise and Excise Head Constables are to be submitted through proper channel to the Commissioner of Excise for orders.
- (e) The Superintendents of Excise are authorized to grant leave to drivers of Departmental vehicles and Excise Constables including the office peon and chowkidar serving in the District office.
- (f) The Joint Commissioner of Excise is authorized to grant leave to Excise Head Constables, Excise Constables of Intelligence Bureau and to the staff of his office establishment.
- (g) Leave application of the office assistants serving in the District Excise office shall be forwarded to the Deputy Commissioner by the Superintendent of Excise with his recommendation.

- (h) Leave application of the office assistants serving in sub-divisional excise office shall be forwarded to the Sub-divisional Officer by the Deputy Superintendent of Excise with his recommendation.

437. **Leave address:** An officer who is granted leave must communicate his leave address during leave to the officer granting leave.

**438. Casual leave – conditions of grant:**

- (a) Casual leave is not recognized by the Civil Service Regulations or Fundamental Rules and an officer absent on casual leave is not treated absent from duty. Government will make no arrangement for a substitute in the place of officer absent on such leave. The officer granting the leave and the officer taking it will be held responsible if the public service suffers in any way from the absence of the officer on casual leave.
- (b) **Limitations and restrictions:** Casual leave may not be combined with any other kind of leave, and ordinarily may not extend to more than six consecutive days, or more than twelve days in any one calendar year. The Commissioner of Excise is however authorized in special cases, to grant casual leave to officers subordinate to him in excess of ten days. If casual leave is taken prefixing and suffixing the gazetted holidays, those holidays shall not be counted as casual leave subject to such instruction issued by Government of INDIA from time to time.
- (c) **Authorities who can grant casual leave:** The under mentioned authorities can grant of casual leave to the officers named in the following list:

SL. NO.	SANCTIONING AUTHORITY	OFFICERS TO WHOM LEAVE MAY BE GRANTED
1.	State Government	Commissioner of Excise
2.	Commissioner of Excise	Additional Commissioner of Excise, Joint Commissioner of Excise, Deputy Commissioner of Excise, Registrar, Superintendent and Office Assistants, departmental drivers, peons, chowkidar of his office.
3.	Joint Commissioner	Deputy Superintendent, Inspector, Assistant Inspector of Excise, Excise Head Constables, Constables of Excise



		Intelligence Bureau, Office staff of his office establishment.
4.	Deputy Commissioner	Superintendents of Excise.
5.	Sub-divisional Officer	Deputy Superintendent of Excise.
6.	Superintendent of Excise	Deputy Superintendent of Excise serving at District headquarter, Inspector, Assistant Inspector of Excise, Excise Head Constables, Excise Constables, Departmental driver, peon, chowkidar and office assistant serving under him.
7.	Deputy Superintendent of Excise	Inspector, Assistant Inspector of Excise, Excise Head Constables, Excise Constables, Departmental driver, peon, chowkidar and office assistants serving under him.

439. **Absence on Gazetted holidays:** Officers empowered to grant casual leave may also grant to their subordinates leave of absence during holidays.
440. **Register of casual leave:** Register of casual leave shall be maintained in the Excise Office.

### SERVICE RECORDS - SERVICE BOOKS

**441. Maintenance of service books:**

- (1) The Service books should be taken up annually, say in April or May for verification by the head of the office who after satisfying himself that the services of the Government servants concerned are correctly recorded in each Service Book, should record in it a certificate on the following form over his signature :  
 "Service verified up to \_\_\_\_\_ date from the record from which the verification is made"
- (2) The head of the office in recording the annual certificate of verification should, in the case of any portion of service that cannot be verified from office records, distinctly state that for the excepted periods (naming them) a statement in writing by the Government servants as well as a record of the evidence of his contemporaries, is attached to the book.

- (3) The head of the office should also invariably record necessary particulars with reference to Articles 30 and 31 of the INDIA Pension Manual so as to enable the audit office to decide later on reference merely to such particulars whether the temporary or officiating service the nature of the vacancy in which the government servant officiated and in the case of temporary service, whether the temporary post was subsequently made permanent should be distinctly noted in the service book.
- (4) When a non-gazetted officer is transferred from one office to another, the head of the office under whom he was originally employed shall record in the service book under his signature the result of the verification of service with reference to pay bills and acquaintance rolls, in respect of the whole period during which the officer was employed under him, before forwarding the service book to the office where his services are transferred.
- (5) The term “service book” includes “Service rolls” which is maintained in Financial Rules, Form Nos.16 and 16A.

**442. Disposal of service book of an officer retiring before qualifying for pension:**

- (a) The service book of an officer who retires before qualifying for pension or gratuity may be made over to him if claimed within a year from the date of his retirement. If no application is received by the end of that period, the service book shall be destroyed.
- (b) If an officer who dies while in service : The service book of an officer who dies while employed under Government may be made over to his/her heirs, if an application is received within three years from the date of his death. If no application is received by the end of that period, the service book shall be destroyed.
- (c) If an officer dismissed or removed from service : The service book of an officer who has been dismissed or removed from the service of Government should not be returned. It should form part of the record of the dismissal or removal, and be destroyed with the record after twelve years.

**443. Character roll of subordinate officials:**

- (a) Character rolls should be maintained in INDIA Schedule II, form No.73 for all Inspectors and Assistant Inspectors of Excise including those serving in the Excise Intelligence Branch.
- (b) There should be a separate roll for each officer, which will follow him upon transfer. Entries in the roll will be made only by or under the orders of

Commissioner of Excise or by the officer holding superior rank viz., the Deputy Commissioner, Sub-divisional Officer and Superintendent of Excise. All entries should be signed (not initialed) and dated.

- (c) The entries should indicate any piece of notably good or bad work done. When an official is transferred a note of his character and conduct should be invariably made in his roll. Similarly when an officer holding such superior rank is making over charge, it is desirable that he should briefly place on record in the rolls his opinion of the merits of the officials with whom he has been brought into contact.
- (d) Character rolls should be maintained and appended to the service books, and the two records kept together.

### QUARTERS

- 444. **Quarters for officer-in-charge of warehouses:** Officer-in-charge of spirit warehouses in contract supply areas shall reside in Government quarters where these have been provided, but they will be required to pay house rent in accordance with Fundamental Rule 45 A.
- 445. **Free quarters for spirit warehouse Excise Constables:** Excise Constables of spirit warehouses in contract supply areas are entitled to free quarters or house allowances in lieu thereof in places where government quarters have not been provided.

### ADVANCES AND REFUND

- 446. **To whom advance can be sanctioned: conditions of the grant :** The Commissioner of Excise is authorized to sanction an advance of Rs.2,000.00 in cash of a Superintendent of Excise and Deputy Superintendent of Excise and Rs.1,000.00 in the case of an Inspector or an Assistant Inspector of Excise on his appointment to the service in order to enable him to purchase his kit. These advances, which will bear the same rate of interest as for house building and other advances, are repayable in twenty monthly equal installments beginning with the pay for the third month following the drawal of the advance. The interest should be recovered in the manner laid down in the INDIA Financial Rules 386 (4) and 387 (3). The officer receiving the advance must furnish to the Accountant General, INDIA a certificate that the full

amount received has been spent. In cases where the amounts are not fully utilized the savings effected should be at once refunded to Government. To guard against any loss of the Government money advanced an Assistant Inspector of Excise on probation should be required to execute a registered bond with two sureties binding themselves jointly and severally to repay the advance within the stated time.

A copy of each sanction should be sent to the Accountant General, INDIA for record.

447. **Remissions of Excise revenue:** The Commissioner of Excise is authorized to sanction the remission of irrecoverable Excise Revenue. Application for such remission shall be submitted to him through the Superintendent of Excise.

Provided that without the sanction of the State Government no remission of fees shall be granted on account of excessive or reckless of speculative bidding at auctions.

448. **Refunds:** The Commissioner of Excise is authorized to sanction refund of Excise revenue as per delegation of Financial Power Rules. All refunds should be noted against the original payment in the remarks column of the register in which the payment was noted. An order of refund will remain in force for a period of six months and if the refund be not made within this period fresh sanction must be obtained.

449. **Power of District Excise Officers to sanction refunds:** The District Excise Officers are authorized to sanction the refund of security deposit made under Excise Rules and to grant refunds of Excise revenue which have become due as a matter of right owing to collection having been made by mistake or twice over similar cases as per provision under Delegation of Financial Power Rules.

## **REGISTERS, RETURNS AND REPORTS, ACCOUNTS, MISCELLANEOUS AND RECORDS**

450. **District Excise office registers :**

- (1) The following registers should be maintained in the District Excise office:
  1. Bid book
  2. Register of challans
  3. Register of convicts
  4. Register of cases

5. Register of comparative statement of country spirit issued from Excise warehouse to each retail shop (in contract supply area)
6. Register of certificates for the issue of country spirit.
7. Register of misconduct of vendors
8. Register of security deposits of vendors
9. Defaulter's lists
10. Register of individual clothing account
11. Register of licences
12. Register of receipts and issues of uniforms
13. Inspection book

(2) The following registers may be kept in the Excise, General or Revenue Office, as may be found most convenient, or as may be directed by Excise Commissioner or higher authority :

1. Acquaintance roll
2. Bill book
3. Cash book
4. Index register
5. Register of casual leave
6. Register of locks and keys
7. Register of court-fee stamps
8. Register of letters issued
9. Register of letter received
10. Register of leave
11. Register of petitions
12. Register of receipts and issues of forms
13. Register of security
14. Register of stores

451. **Sub-divisional Excise office registers:** The following registers should be maintained in the sub-divisional excise office :-

1. Comparative statement of issue of country spirit to each retail shop.
2. Register of cases
3. Register of convicts
4. Register of certificates for the issue of country spirit
5. Register of security deposits of vendors
6. Register of misconduct vendors

7. Register of challans
  8. Inspection book
3. The following registers should be maintained in the general office of the sub- division. They should not be maintained as separate Excise registers unless so ordered in any particular sub-division by the Excise Commissioner or higher authority.
1. Acquaintance roll
  2. Bill book
  3. Cash book
  4. Index register
  5. Register of locks and keys
  6. Register of court fee stamps
  7. Register of letter issued
  8. Register of letter received
  9. Register of petitions
  10. Register of stores
  11. Register of leave
  12. Register of issues and receipts for forms
  13. Register of security.
452. **Register of challan:** The register of challans is prescribed for use is sadar offices only. It is a register of challans for all payments made to the treasury on account of Government dues in respect of intoxicants. Such payments should be made and be dealt with in accordance with the following procedures :
- (a) Separate challans for different Heads of Excise. Separate challans should be used in cases where payments fall under different Heads of Excise or are made by different licensees, but where payments are made by the same licensee, a number of items of the same description may be entered in one challan, the details being specified on the back thereof.
  - (b) No challans for excise payment shall be received in the treasury unless it is checked and signed by the Superintendent of Excise in a District Head quarters and the Deputy Superintendent of Excise in sub-division or the Inspector of Excise when authorized to do so by them. At the end of each day if not possible next day the challan register will be sent to the treasury office for reconciliation in respect of all payments by challans. The figures

under each head of receipts should be totaled at the bottom of each page and the total carried forward to the top of the next page till the monthly totals are struck. The challan will have a monthly serial number. Every entry should be carefully verified and initiated by the Excise Superintendent and the Deputy Superintendent of Excise in District and Sub-divisional Sadar Excise office respectively.

### RETURNS AND REPORTS

453. The following returns and reports are prescribed and are to be submitted as shown in the tabular statement below :

Sl . No .	Name of reports and returns	Whether monthly/ quarterly or annual	From whom due	To whom due and when
1	2	3	4	5
1.	Diaries of the Superintendents / Deputy Superintendent of Excise	Monthly	District Collector	Commissioner of Excise on 7 <sup>th</sup> of the following months
2.	Absentee statement of Excise staff from Asstt Inspector of Excise to Excise Constables	Ditto	Inspector of Excise	Superintendent on the last week of the month
3.	Statement of receipt	Ditto	Superintendent of Excise	Commissioner of Excise on 7 <sup>th</sup> of the following month
4.	Statement of expenditure	Ditto	Ditto	Ditto
5.	Return showing issue of country spirit	Ditto	Ditto	Ditto
6.	Consumption statement	Ditto	Ditto	Ditto
7.	Excise Revenue receipt statement	Ditto	District Collector	Ditto
8.	Ditto	Ditto	Commissioner of Excise	To Government on 15 <sup>th</sup> of the following month
9.	Return showing	Ditto	Inspector of	To Superintendent

	the detection of case by Excise staff		Excise	of Excise on 3 <sup>rd</sup> of the following month
10.	Return showing the Excise case disposed of and pending for trial	Ditto	Ditto	Ditto
11.	Quarterly return showing detection of cases by Excise staff	Quarterly	Ditto	Ditto
12.	Quarterly 'A' or 'B' return	Ditto	Ditto	Ditto
13.	Quarterly statement showing the import of medicinal and toilet preparations and perfumes containing India made spirit together with export passes	Ditto	Superintendent of Excise	Commissioner of Excise on 7 <sup>th</sup> of the following quarter
14.	Quarterly statement showing the import of India made foreign liquor from other states together with export passes	Ditto	Ditto	Ditto
15.	Quarterly statement showing export of India made foreign liquor to other states together with the import passes	Ditto	Ditto	Ditto



16.	Confidential character roll of Gazetted	Annually	Deputy Commission er	To the Commissioner of Excise on 15 <sup>th</sup>
-----	--	----------	----------------------------	--

	officers employed in the Excise department			February
17.	Ditto	Ditto	Commissioner of Excise	To Government on 15 <sup>th</sup> of March
18.	Budget estimated expenditure	Ditto	Superintendent of Excise	To Commissioner of Excise on 15 <sup>th</sup> September and to the Government on 15 <sup>th</sup> October by the Commissioner of Excise
19.	Budget estimate of receipts	Ditto	Ditto	Ditto
20.	Settlement proposals	Ditto	District Collector	To the Commissioner of Excise on 1 <sup>st</sup> December
21.	Return showing the expenditure of Excise warehouse on capital account and on repairs	Ditto	Executive Engineer	To the Commissioner of Excise on 10 <sup>th</sup> of July (to be called for)
22.	Summary of information in regard to the traffic in opium and other dangerous drugs (for calendar year)	Ditto	Joint Commissioner of Excise	To the Commissioner of Excise on 20 <sup>th</sup> January
23.	Indent of forms	Ditto	Superintendent / Joint Commissioner of Excise	To Commissioner of Excise on 15 <sup>th</sup> of July
24.	Indent of Stationery	Ditto	Ditto	To the Commissioner of Excise on 15 <sup>th</sup> of October
25.	Return of advance	Ditto	Ditto	To the Commissioner of Excise on 7 <sup>th</sup> April

26.	Return showing the deduction of Income Tax	Ditto	Ditto	To the Income Tax officer concerned on 15 <sup>th</sup> April
-----	--	-------	-------	---

27.	List of new schemes	Ditto	District Collector	To the Commissioner of Excise on 15 <sup>th</sup> August and to the Government on 1 <sup>st</sup> October
28.	List of passed and un-passed schemes	Annual	District Collector	To the Commissioner of Excise on 1 <sup>st</sup> August; to the Government on 1 <sup>st</sup> November
29.	List of minor work	Ditto	Ditto	Ditto
30.	Estimates of advances for house building etc	Ditto	Superintendent of Excise	To the Commissioner of Excise on 1 <sup>st</sup> August; to the Government on 1 <sup>st</sup> October
31.	List of vendors published departmentally	Ditto	District Collector	To the Commissioner of Excise in January
32.	Indent of contract forms (non-standardize forms)	Ditto	Superintendent of Excise	To the Commissioner of Excise in December
33.	List of drugs smuggled	Ditto	Joint Commissioner of Excise	To the Commissioner of Excise on 15 <sup>th</sup> January
34.	List of confiscated narcotic drugs and psychotropic substances	Ditto	Superintendent of Excise	To the Commissioner of Excise on 7 <sup>th</sup> April
35.	Inspectors report (Sadar and sub divisional Excise offices, excise warehouse, distilleries etc)	--	District Collector/ Superintendent of Excise	To the Commissioner of Excise within 7 <sup>th</sup> days of the date of inspection
36.	Ditto	--	Excise Commissioner	To Government within 7 days of

				the date of inspection
--	--	--	--	------------------------

454. **Monthly and annual returns of Excise revenue:** Monthly and annual returns of Excise revenue and of the consumption of intoxicants as well as on annual return of charges in Excise department are to be furnished to the Excise Commissioner in the prescribed forms. Temporary and fair licences should be excluded from these monthly and annual returns. They are, however, to be shown in the explanation sheets accompanying both these returns under each head of intoxicants to which they appertain, together with the fees derived from them, a comparison being made with the figures of the corresponding period of the previous year.

## RECORDS

455. **Classification of records:** Classification of records for the purposes of their preservation and destruction.

**A. Paper to be preserved permanently**

- (1) Correspondence  
Correspondence of importance regarding -
- (a) Settlements
  - (b) Remission and abatements
  - (c) Pensions
  - (d) Appeals, where the requisition is of permanent interest
  - (e) All circulars from Government, Excise Commissioner, Legal Remembrancer and Accountant General.
  - (f) All letters communicating rules and general instructions
  - (g) All printed reports and books including regulation and laws
  - (h) All maps (until revised)
  - (i) All lists of papers destroyed
  - (j) Acquaintance rolls
  - (k) Appointment and promotions.
  - (l) Buildings and other projects
  - (m) All other papers of permanent interest
- (2) **Registers and Returns.**
- 1. Annual return of Excise revenue
  - 2. Index register of files
  - 3. Register of stores appertaining to the Excise department
  - 4. Detailed list of Excise shops

5. Statement showing the result of settlement of Excise shops
6. Confidential character roll of gazetted officers
7. Office list of establishment as it stands on the 1<sup>st</sup> April
8. Security bonds of Excise Officers. (To be preserved until the bond expires).
9. Balance amount of spirits in hand and summary of transactions
10. Register of persons convicted under the Excise and Opium laws
11. Register of cases instituted under Excise and Opium laws

**B. Papers to be preserved for twelve years.**

**(1) Correspondence.**

Correspondence regarding :

- (a) Any of the subject mentioned under class 'A' which are of comparatively small importance and which it is obviously unnecessary to keep beyond 12 years.
- (b) Appeals, not be permanent interest
- (c) Dismissal
- (d) Leave and charge
- (e) All quarterly and half yearly returns and reports and resolutions thereon.
- (f) Diaries of Excise Superintendents and correspondence thereon
- (g) Excise Commissioner's and Divisional Commissioner's inspection notes.

**(2) Registers and Returns.**

1. Khatian statement of the issue of country spirit to each retail shop from a spirit warehouse.
2. Statement of country spirit issued from a warehouse during a month as compared with quantity cleared in the corresponding month of the previous year.
3. Bond pledging premises, works and utensils of manufacture
4. Statement of contract grant, expenditure and requirements
5. Statements of Excise budget grants.
6. Excise Administration Report (manuscript).

7. Budget estimates.
8. Statement of debts of Subordinate Excise Officers.
9. Return showing purchase in India of articles not shown in rate list
10. Register of casks received and of spirit issued there from.
11. Register of spirit received into, reduced, or blended in, and issued from each vat or store cask.
12. Register of misconduct of vendors.
13. Register of spirits received into and issued from barrels.
14. Contingent register.
15. Register of imports/export of foreign spirits and liquors.
16. Register of receipts and issues.
17. A detailed account of demand and collection of the amount due from lessees under the canteen system.
18. Statement of issues of country spirit from warehouse to lessee manager shops.
19. Service book of an officer dismissed or removed.

**C. Papers to be preserved for three years.**

1. Pass for transport of country spirit under bond.
2. Register of persons employed by licensed distillers.
3. Register of examination of hydrometers, thermometers etc.
4. Register of challan for the issue of country spirit.
5. List of sanctioned projects.
6. Balance account of spirit in hand and summary of transaction used as quarterly stock taking statement.
7. Return of charges in the Excise department (annual).
8. Accountant General's general statement of receipts and expenditure.
9. Challans.
10. Statement showing the import of foreign liquor including spirituous, medicinal and toilet preparations into INDIA from other states.
11. Statement showing the export of foreign liquor, beer including spirituous, medicinal and toilet preparation from INDIA to other states.
12. Recovery of duty on India made foreign liquor including spirituous, medicinal and toilet preparations imported into INDIA.

**D. Papers to be preserved for two years.**

**(1) Correspondence.**

1. All monthly returns and resolution thereon, unless of permanent importance.
2. All reminders, memorandums and similar unimportant small letters, other than of classes A and B.
3. Dak book.
4. Application from ministerial subordinates for appointment
5. Accountant General's objection statements and explanations thereon.
6. Inspector reports by officers other than Excise and Divisional Commissioners.

**(2) Registers and Returns.**

1. Form of receipts for licence fees for excise shops.
2. Notification of sale of shops
3. Diaries of Excise Inspectors and Assistant Inspectors of Excise.
4. Returns showing the work done by Inspecting Officers.
5. Report on inspection of outstills and distillery shops
6. Pass for the possession of more than 5 litres of pachwai.
7. Memorandum showing realization of fines imposed in Excise and NDPS cases.
8. Account books kept by the licensed vendors in their retail shops.
9. Form of pass for possession of confiscated articles.
10. Application for special reward in cases under Excise and Opium Acts.
11. Memorandum of increase or decrease in stores in a year.
12. Warrant under Excise Act.
13. Stock account for forms.
14. Registers of permits (export and import separately).
15. Register of personal ledger (country spirit).
16. Quarterly statement of detection work made by subordinate Excise officers.
17. Review of result of settlement.
18. Indent for stationery, rubber stamps etc.
19. Indent for clothing (Head Excise Constables and Excise Constables).
20. Acknowledgement of permanent advance.



21. Report on inspection of spirit warehouse.
22. Register of inspection of Excise shops.
23. Report in the case of opium smuggling.
24. Statement of opium cases, fines and rewards.
25. Individual clothing list.
26. Register of receipt and issue of articles of uniform.
27. Register of country spirit issued from the Excise warehouses, etc.
28. Register of Excise licences.
29. Register of challans of money on account of Excise revenue paid into the treasury.
30. Register of temporary and fair licences.
31. Register of security deposit of vendors.
32. Statement of Excise receipts and expenditures.
33. Accountant General's statement of receipts and expenditure and correspondence thereon.

## **PART-V**

### **FOREIGN LIQUOR BONDEDWAREHOUSE**

#### **LICENSING PROCEDURES AND REGULATIONS OF BONDEDWAREHOUSE**

456. **Definition:** (1) "Bonded Warehouse" is defined in rule 1-A sub-rule (xvi) of these Rules.

(2) All other expressions mentioned in this rule but not defined herein shall have the same meaning as in the Act and other rules made thereunder.

**457. Application for Licences:**

Any person desiring to obtain a license to establish and work a bonded warehouse within a manufactory premises shall apply in writing to the Commissioner of Excise stating the following particulars:-

- 1) The name or names with address or addresses of the person or persons so applying; if a firm, the name of every partner of the firm, and if a company, the registered name and address thereof;
- 2) The name of the place of the manufactory in which and the buildings in which the warehouse to be constructed or work;

- 3) The number and full description of vats and other permanent apparatus which the applicant wishes to work or set up and the size and capacity of such vats, etc;
- 4) The date from which, in the event of a license being granted to him, the applicant proposes to commence working the warehouse.
- 5) A current plan of the buildings which he intends to use or construct his warehouse for storage of foreign liquor and a plan showing the position of vats and other permanent apparatus therein and a list of store room, etc. connected therewith.
- 6) Application fee at the rate prescribed in rule 113 of these Rules.

**458. Grant of license:**

- 1) On receipt of the application and after such enquiry as he deems necessary, the Excise Commissioner may forward the application to the Government with his comments thereon.
- 2) Bonded Warehouse may be open in case of foreign liquor-
  - a) For storage of foreign liquor and for sale to the wholesale license holders of liquor on prepayment of Excise levies.
  - b) For supply of spirits for the manufacture of chemicals, medicated articles etc., or for other industrial purpose.
  - c) For compounding, blending and bottling of foreign liquor and sale therefrom under bond on payment of export pass fees.
- 3) If the Government approved the opening of a bonded warehouse within a manufactory, Excise Commissioner shall issue necessary sanction under S.15 of the Act and inform the applicant and the collector of the District in which the warehouse is to be opened. He shall also inform the applicant the amount of security to be furnished by him/her for the due performance of the conditions on which a license may be granted to him. The amount of security deposit may be fixed at fifty percent of the Bonded warehouse licence fee or more according to the volume of business.
- 4) The applicant shall then be called upon to make necessary arrangement for the construction of the warehouse at his cost. Upon completion of the building and after the vats and other permanent apparatus, etc. have been set up, he shall file two fresh copies of the plans before the Collector who shall cause them to be verified in any manner he thinks proper, and then submit one copy to the Excise Commissioner

for examination and for comparison with the plan first submitted, and for any purpose further verification he may think necessary. After final approval by the Excise Commissioner a license will be granted to the applicant in the form prescribed in those rules. The applicant shall be bound to conform to the directions from the Excise Commissioner, regarding any addition or alteration to the buildings, vats or other permanent apparatus or plans which he considers necessary whether before or after the final plans are submitted for the proper security of the revenue or to render illicit practices impracticable.

5) No addition or alteration to the buildings or vats or other permanent apparatus as shown in the plans finally submitted by the applicant shall be made without the previous sanction of the Excise Commissioner obtained through the officer-in-charge and the collector. If the Excise Commissioner so directs, such additions or alterations may be permitted by the Collector subject to the Excise Commissioner's approval. When any such additions or alteration are made, fresh plans shall be submitted, to the Excise Commissioner through the collector with a certificate from the officer-in-charge that they are correct.

6) It shall be open to Excise Commissioner to verify at any time, any of the descriptions and plans above mentioned, and no proof or error, to require fresh ones to be submitted for sanction. Such verification may be made by any officer deputed for the purpose, and such officer shall be allowed full access to the premises. Sanction to plans may be withheld until any point in respect of which they differ from already sanctioned plan has been rectified to the satisfaction of the Excise Commissioner. The licensee shall be bound to carry out such rectification within a reasonable time to be fixed by the Excise Commissioner.

459. **License fee and execution of bond:** Before the license to work a Bonded Warehouse is granted by the Excise Commissioner, the applicant shall require to pay a license fee as prescribed in rule 19(III) of these Rules and shall execute a hypothecation deed in the form prescribed in these rules pledging the warehouse with the stock of foreign liquor, vats, all apparatus and utensils therein for the due discharge of all payments which may become due to the State Government by way of duty, fees, rents, fines, penalties or otherwise under the provision of the license or to which the

applicant may be liable by law or rules under any agreement or bond into which he may have entered.

Provided that the licensee of a Bonded Warehouse shall not be allowed to re- hypothecate the Bonded warehouse and the stock therein to any other agencies like Banks etc.

460. **Renewal of Licence:** The license for a bonded warehouse shall be renewed annually at the discretion of the State Government on satisfactory performance.
461. **Appointment of Excise Officer/ Staff and their cost:** The State Government or the Excise Commissioner shall appoint such officer and establishment as think fit to the charge of the bonded warehouse. The licensee of the bonded warehouse shall pay to the State Govt. at the end of each calendar month such establishment charges as may be determined from time to time by the Excise Commissioner. The cost of establishment shall include pay as well as leave salaries, pension contribution etc.
462. **Accommodation for Officer-in-charge and established:** The licensee shall provide suitable rent free quarters to the satisfaction of the Excise Commissioner for the Officer-in-charge and other establishment in close proximity to the warehouse and shall keep the same and the apparatuses therein in proper repair. He shall also supply such office with such furniture as may be required for the use of the officer within the warehouse.
463. **Notices to commerce and cease working of the warehouse:** Every proprietor or manager of a bonded warehouse must give Fifteen days' notice in writing to the Collector of the date on which he proposes to commerce working of the warehouse and at least two months' notice before he/she ceases to work it.
464. **Withdrawal of staff and establishment and prohibition to issue spirit:** In case a licensee ceases issuing foreign liquor for a period exceeding one month, the Excise Commissioner may withdraw the establishment stationed at the warehouse and may prohibit all further issue of spirits until the licensee has given him fifteen days' notice in writing of the date on which he propose to recommence the issue of spirits.
465. **Vats to be provided with dipping rods and to be gauged:** 1) All vats in the bonded warehouse must be so placed as to admit of the contents being accurately gauged or measured and must be fitted to the satisfactions of the

Excise Commissioner with

proper dipping rods, so adjusted to fix, dipping places that the contents thereof may at any time to be ascertainable. The vats shall also be gauged in such manner as the Excise Commissioner may, from time to time, direct and no vessel shall be used as store vat until it has been gauged and the gauging has been checked by the Superintendent of Excise or such order officer as the Excise Commissioner may appoint.

2) Every cock kept or used in a bonded warehouse shall be such pattern and constructed in such manner as the Excise Commissioner may from time to time, direct.

466. **Licensee to provided plungers and valinches:** The licensee shall provide every warehouse with two perforated plungers for the purpose of stirring spirits after blending and reduction and two valinches or a syphon-tube for drawing spirits from casks when full, and also a sufficient number of buckets.
467. **License to supply weighing machines:** 1) The Licensee shall also supply weighting machines for use in warehouse, for ascertaining the capacities and contents of casks or drum received from the distillery.
- 2) No weighting machine shall be used which has not been approved by the Excise Commissioner and the licensee shall take immediate steps for setting right a machine which is found to have become incorrect or gone out of order.
- 3) Standard weight equal to the weight of full drum of the maximum size must also be supplied by the licensee at every such warehouse.
- 4) As the platform of movable weight machines are often considerably above the floor level, a properly made ramp must be provided for each machine so that the machine may not be injured by the rolling of casks up the planks resting on the side of the platform.
468. **Vessels for storage of foreign liquor in warehouse:** The vessels used for storage of foreign liquor intended for human consumption shall be iron, wooden or glass lined metal vessels or in bottles of approved by the Excise Commissioner. Foreign liquor in warehouse shall ordinarily be stored in vats or tanks, but casks may with the permission of the Excise Commissioner be used, in which case the distinguishing mark of the warehouse, the serial number of the cask and its capacity shall be cut of

branded otherwise distinctly marked on each cask. The licensee shall supply these articles and all other appliances which may be require for the storage blending, reducing or issue of the foreign liquor and shall bear the cost of the aforesaid operation.

469. **Serial Number capacity and depth to be painted or storage vessels:** The licensee must cause to be painted with oil colour and keeps so painted upon each vat and storage case in warehouse, its serial number, capacity and depth.
470. **Dipping place or level of vessel not to be altered by any device:** The licensee shall not cause or allow the dipping place or level of any vessel to be altered or any device to be used to deceive the office-in-charge in taking the gauge of any vessel or to prevent him from taking true account of all foreign liquor of any vessel.
471. **Warehouse to be under Joint lock, storage vessel with reliable locks and custody of keys:** The outer door of a spirit warehouse shall be locked by two locks, one being supplied by the State Government and other by the licensee, the keys being retained by the officer-in-charge of the warehouse and by the licensee or his authorized representative. The licensee shall provide and maintain suitable and secure fastenings to all vats and other receptacles to the satisfaction of the Excise Commissioner or the attachment of locks to be provided by the Government. All manholes, cocks and other apertures of vats shall be so made that can be locked with Excise locks or any other equally suitable locks made in India and approved by the Excise Commissioner. The plug or key of any cock is not to be riveted in, but shall be so made that it can be taken out by and officer for examination. When it is necessary that cocks upon closed pipes be left open when no Government officer is present working fastening must be provided for such cocks to admit of their being turned but not withdrawn from their position. Closed fastening shall be provided for all other cocks either Excise locks or Club's locks or any other equally suitable locks made in India and approved by the Excise Commissioner, shall be provided for all the fastening and doors. The keys of all such locks shall be keep in the personal custody of the officer-in-charge of the warehouse, the duplicate keys being keep in the district or sub divisional treasury. The licensee shall be at liberty to affix also his own locks, provided that he shall always, on the requisition of the collector, the officer-in- charge of the warehouse or other superior Excise Officer, immediately remove such

locks so as to allow free inspection of the vats and other receptacles in which and of the rooms which such locks are placed, and of all the contents thereof.

472. **Storage of foreign liquor for sale in approved vessel and necessary markings:** The foreign liquor intended for storage and sale shall be conveyed in sound and water tight casks or approved metal vessels on which shall be painted in white oil paint, in letters not in one inch high, the number of the casks or vessels, its capacity of the nearest of one-tenth of a litre and the name of the distillery or warehouse from which it has been issued. Marks other than those specified above shall be obliterated. Foreign liquor stored in bottles of approved materials, must contain the registered labels of the brands with date of manufacture and batch number affixed in each bottles.
473. **Duties of the officer-in-charge on arrival of consignment:** 1) Immediately on arrival of a consignment at the bonded warehouse the officer-in-charge shall open the consignment and enter in the stock register maintained for the purpose.
474. **Receipt of spirits in warehouse and procedure thereof:** No spirits shall be received into any warehouse unless accompanied by pass from the officer-in-charge of the distillery from which they have been transferred or by a special permit authorizing their receipt into the bonded warehouse, or if the spirits being imported by a permit from an officer duly authorized to grant permit for the transport of imported spirits. All spirits received into warehouse shall be gauged and proved on arrival and the licensee shall thereupon become responsible under Rule 491 for the quantity and strength of the same.
475. **Conveyance of spirits to warehouse under bond at the risk of the licensee and open to gauging and proof:** The spirits intended for a warehouse shall be conveyed thereto under bond, and at the sole risk of the licensee of the warehouse. The bond shall be discharged when the foreign liquor have been deposited in the warehouse and have been duly gauge and proved by the officer-in-charge and after the duty on the excise deficiency, if any, has been realized.
476. **Working hours in warehouse:** A bonded warehouse shall be opened during such hours as may be fixed by the collector with the previous sanction of the Excise Commissioner. The warehouse shall be closed on Sundays and on public holidays as declared by the Government from year to year under S.25 of the Negotiable



Instruments Act, 1881 (XXVI of 1881), provided that in case of necessity the Collector, the Sub-Divisional officer or the Superintendent of Excise may direct the bonded warehouse shall not be closed on any particular day.

477. **Auction by Excise Commissioner and collector on the expiry of the licences:** (1) On the termination of the licence either on account of expiry of the term or account of cancellation or suspension, the Excise Commissioner may take over or permit the licensee of the warehouse, as the case may be to remove forthwith all foreign liquor remaining in the warehouse on full payment of duty.

(2) If the licensee fail so to remove all spirit within 15 days of receipt of the written notice from the Collector, the cost of any establishment which may be necessary to employ at the warehouse, may be recovered from the defaulter, and if he fails to do so within one month, the spirits shall be liable to forfeiture at the discretion of the Excise Commissioner.

478. **Cancellation or suspension of licenses:** The licence may be suspended or cancelled by the Excise Commissioner under Section 30 of the Act.

479. **Removal of spirit from warehouse:** Spirits may be removed from bonded warehouse:-

(i) On payment of duty to the wholesale warehouse

(ii) Without payment of duty: If issued to public servant empowered to purchase or remove them on public service.

(iii) Without payment of duty in respect of rectified sprit and absolute alcohol.

(a) If issued to Government hospitals and dispensaries indents being signed or counter-signed by the Civil Surgeon.

(b) If issued to private hospitals and dispensaries and other medical institutions as are conducted on charitable line which are certified on the indent by the Civil Surgeon or by any other officer empowered in this behalf by the State Government as being entitled to the supply free of duty.

(c) If issued to educational institutions, laboratories, firms and the museums specified by the State Government, the indent by the Civil Surgeon or any other officer specified by the State Government.

(d) If issued to Veterinary hospitals, the indent being signed or Counter- signed by the Superintendent, Civil Veterinary department.

480. **Gauging proofs and removal of Spirits:** No spirits shall be removed from any warehouse until they have been gauged and proved by the officer appointed for the purpose. If remove under bond, the gauging may be by bung road, if otherwise the gauging shall be by actual measurement or by weighment.
481. **Removal of spirits under a pass:** No spirits shall be removed from any bonded ware house save under a pass issued by the Commissioner of Excise, INDIA. The officer-in- charge shall only issue a pass or under the special orders of Commissioner of Excise, INDIA, e.g. where permits are to be issued under Rule 479.
482. **Payment of duty and allowances:** (1) A licensee of a bonded ware house, shall pay to the Government duty at the prescribed rates for the absence of the quantity of the spirit detected at the time when the spirit measured, gauged and proved for removal. The licensee shall pay the duty as aforesaid in lieu of the duty payable under Rule 491. Unless he is able to account for the absence in respect of spirits in bottles and also subject to the allowance of 0.50 percent (calculated at proof strength) in respect of spirits in any vessels. (2) The duty levied under rule (1) shall be payable at the rate imposed under S.20 of the Act on the spirits imported or transported and shall be paid before the removal from the warehouse, to which it has been taken.
483. **Persons to whom spirits may be issued:** The spirits may be issued for local consumption or use only:-
- (1) In the case of foreign liquor (excluding rectified spirit, denatured spirits and absolute alcohol)—
- (a) To wholesale licensees of foreign liquor holding a permits from the Excise Commissioner to obtain liquor from the warehouse.
- (2) In the case of rectified spirit and absolute alcohol –
- (i) To a chemist or druggist requiring such spirit for the manufacture of drugs, medicines or chemicals and holding a permit from the Collector to obtain liquor from the warehouse.
- (ii) To a chemist or druggist licensed to sell such spirit by retail for medicinal, industrial or scientific purpose and holding a permit from the Collector to obtain such spirit from the bonded warehouse.

(iii) To a person holding license for compounding and blending of foreign liquor.

(3) In the case of denatured spirit. To persons holding licenses for sale of such spirit or for the possession of such spirit for businesses purpose in excess of the quantity fixed the limit of private of possession and holding a permit from the Collector to obtain such spirit from the warehouse.

(4) In the case of rectified spirit-

i) To a chemist or a druggist requiring such spirit for manufacture of drugs medicines or chemicals and holding a permit from the Collector to obtain such spirit from the bonded warehouse.

ii) To a chemist or druggist licensed to sell such spirit by retail for medicinal, industrial or scientific purpose and holding a permit from the Collector to obtain such spirit from the bonded warehouse.

iii) To a person holding license for compounding and blending of foreign liquor and holding a permit from the Collector to obtain such spirit from the bonded warehouse.

iv) To a person holding license for the manufacture of perfumes and toilet preparations consisting of or containing alcohol and holding a permit from the Collector to obtain such spirit from the bonded warehouse.

v) To a person holding permit from the Collector to obtain such spirit for scientific or industrial purpose.

vi) To a homeopathic chemist or practitioner holding special permit to obtain rectified spirit from the warehouse for manufacture of homeopathic medicines.

484. **Permits and Passes:** 1) The licensee of the bonded warehouse shall issue foreign liquor or spirits on prepayment of duty on the transport permit issued by the Commissioner of Excise, INDIA or any other authorized officer for the purpose. The wholesale license holders of foreign liquors shall obtain necessary transport pass from the Excise Commissioner on payment of duty at the prescribed rates for movement of spirits from the bonded warehouse to their respective premises. The original copy of the pass shall be retained in the office of issue, the duplicate copy shall be handed over to the person to whom the pass has been granted to

accompany the consignment and the triplicate copy to the officer-in-charge of the bonded warehouse.

The duty shall be deposited by the foreign liquor wholesale licensees through treasury challan or through any other method as may be directed by the State Government. In case of manual treasury challan system the challans shall be prepared in quadruplicate. One copy will be kept by the treasury and the remaining three copies after completion in the treasury will be presented by the foreign liquor licensee or his agent to the Excise officer at the district or sub-divisional headquarters. The officer will forward the application of transport pass for the quantity to the Excise Commissioner for issue of permit.

(2) An import permit fee of Rs.120.00 per case of Beer containing 12 bottles of 650ml. size or equivalent quantities and Rs.200.00 per case of IMFL containing 12 bottles of 750ml. size or equivalent quantities payable in advanced shall be charged for issue of passes for import into INDIA in accordance with sub- rule(I).

(3) An transport permit fee of Rs.20.00 per case of Beer containing 12 bottles of 650ml. size or equivalent quantities and Rs.100.00 per case of IMFL containing 12 bottles of 750ml. size or equivalent quantities payable in advanced shall be charged for issue of transport of the above intoxicants of manufactured in INDIA within the State of INDIA in accordance with the sub-rule (I).

485. **Maintenance of Accounts:** The Licensees shall keep regular account showing the quantity and the strength of spirits received and issued from the remaining in the warehouse. Such account shall be opened at all times to the officer-in charge and of all superior Excise Officers.
486. **Responsibilities of Government:** The State Government shall not be held responsible for the destruction, loss or damage of any spirits stored in a warehouse by fire or by gauging or by any other cause whatsoever. In case of fire or the accidents, the officer-in-charge of the warehouse shall immediately attend to open the same at any hour by day or night.
487. **Supervision and control over warehouse:** A bonded warehouse shall be under the supervision and control of the Collector and the Superintendent of Excise, but those officers shall not pass order or technical matter connected with the working of a warehouse except with the approval of the Excise Commissioner.

488. **Admittance of person into warehouse:** A bonded warehouse shall be opened only for the entrance and exit of person who have business within the same. Except with the permission of the Collector or the Superintendent of Excise or the Sub-divisional officer, no one except superior officer of other Government Department, licensee and their servants, and the licensed vendors who have come to purchase foreign liquor/spirits shall be allowed to enter the premises. A register shall be kept of the names of all persons employed by the licensee and all recognized employees shall be supplied with passes for ingress and egress.
489. **Ejection of undesirable person:** The officer-in-charge of a warehouse may eject and exclude from the premises any person whom he may find to have committed or to be about to commit any breach of these rules or of the provisions of the Excise Act or who may be intoxicated, riotous or disorderly. All action taken by such officer under this rule shall forthwith be reported by him, in writing to his official superior.
490. **Access to some record and prohibition of erasures:** The Licensee or his authorized agent shall have free access to the register of spirits received into and issued from each vat, and shall be at liberty at once to bring to notice and to appeal in writing to the Collector or to the Excise Commissioner against any entries therein to which he objects. He shall not be allowed subsequently to question any entries to which he has not taken objection within one week of the date of their having been made. If any corrections are necessary, they shall be made after orders have been received, in red ink and shall be initialed and dated by the officer-in-charge and also by the licensee or his authorized agent. Erasures in all warehouse registers are absolutely forbidden.
491. **Periodical stock taking and levy of duty on excess deficiency:** The Superintendent of Excise or in his absence, the officer-in-charge of the bonded warehouse shall take stock of all spirits in the warehouse on the last day of the March, June, September and December in each year or on the preceding day, of the last day be a Sunday or a holiday prescribed under Rule 476 and licensee shall pay to the State Government duty at the rates imposed under Section 20 of the Act on all spirits which may not be forthcoming and for which he may be unable to account for the satisfaction of the Excise Commissioner in excess of as an allowance of 0.25% which shall be made to him for wastage. Wastages for the purpose of collection of duty on the excess as

aforesaid shall be calculated annually, that is at the end of each financial year for which the license is in force.

Provided that if it shall be proved to the satisfaction of the Excise Commissioner or of such officer as he shall appoint that such deficiency in excess of half percent (0.5%) has been caused by accident or other unavoidable cause, the payment of duty at the above rate on such deficiency may not be required.

492. **Imposition of fines in case of breach of conditions of license or rules ,forfeiture of deposit and cancellation of license:** In case of any breach of these rules or of the condition of the license or in case of any attempt by altering the capacities of receptacles or otherwise deceive the officer-in-charge in gauging or proving, either by the licensee or by any person in his employment, it shall be competent for the Excise Commissioner to impose upon him, in lieu of cancellation of the license a fine under section 76 of the Act.
493. **Prosecution not withdrawing fine, forfeiture or cancellation:** The imposition of a fine or the forfeiture of deposit or the cancellation of the license under the last preceding rule shall not be held to prevent the prosecution of any person for any offence which may be committed against the provision of the Act of or other law and rules and there under for the time being in force and relating to the Excise Revenue.
494. **Conviction and consequence cancellation of licence:** If a licensee is convicted on prosecution before a magistrate of any offence against the act or other law and rules made thereunder for the time being in force and relating to the Excise Revenue, it shall be lawful for the Excise Commissioner to declare his licence cancelled.
495. **Payment of Duty:** The duty imposed on –  
(1) Foreign liquor and spirit (other than Country Spirit)  
    (a) Imported or  
    (b) Stored in a Bonded Warehouse,  
Shall be paid before removal from the Bonded Warehouse.
496. **Manner of payment of duty:** When duty on the spirits is to be paid before removal from a Bonded Warehouse, the payment shall be made into the local treasury, or a treasury approved by the Collector of the districts in which such spirits are to be sold or consumed by direct payment into treasuries by Challans. Advance deposits on account of duty may also be made with

permission of the collector.

497. **Rejection or destruction of unsuitable spirits:** If foreign liquor/ spirits stored in a bonded warehouse are found to be of inferior quality or otherwise unsuitable for the purpose for which they were stored, they may be rejected or destroyed or otherwise dealt with under the orders of the Excise Commissioner.

**Licence to Construct and Work Bonded Warehouse for the deposit and storage of foreign liquor and spirits**

ORIGINAL/DUPLICATE

District :  
No. of Licencee in the register :  
Name of Licencee :  
Place of Bonded Warehouse :

..... resident of ..... Thana  
..... District ..... authorised by the Excise  
Commissioner, INDIA to work a Bonded  
Warehouse at from  
..... to 31st March, 20  
..... for the deposit and storage of foreign liquor or such spirits as  
permitted by the Excise Commissioner from time to time.

It shall be required of the holder of this licence, as a condition of its remaining in force, that he shall duly and faithfully perform and abode by the following conditions and by the provisions of the INDIA Excise Act, 2000 (Act No. XIV of 2000) as amended from time to time, be published or made thereunder so far as they are relatable to this licence and shall cause all persons employed by him to obey all such rules and orders.

I. That he shall pay to Government in advance per annum a fee of Rs.....and that he shall pay the same into the Treasury/Sub-Treasury at.....

II. That he shall deposit and store only foreign liquor and such other spirits as the Excise Commissioner may approve from time to time and only at the premises name therein.



- III. That before depositing or intending for any spirits to be deposited or kept under this licence, he shall executed a bond in favour of the Commissioner of Excise, INDIA for the payment of duty at the rates imposed under S.20 of the Act on all foreign liquor and spirits imported, transported or all foreign liquor and spirits deposited or kept by him to the said warehouse.
- IV. That he shall give to the Collector seven days clear notice of the probable date of arrival and the approximate quantity in bulk litres of such consignments of foreign liquor and spirits imported to transported under bond for deposit in the said warehouse.
- V. That he shall attend either personally or by his duty authorised agent at the time or arrival of the foreign liquor or other spirits and that he shall remain in attendance until the foreign liquor spirits have been gauged and proved, if necessary, sampled.
- VI. That he shall provide, site, building, vats and other apparatus to the satisfaction of the Excise Commissioner.
- VII. That he shall bear the cost of the Excise establishment as may be fixed by the Excise Commissioner for supervision of the working of the bonded warehouse and shall provide suitable rent free accommodation for them to the satisfactions of the Excise Commissioner.
- VIII. That he shall keep regular and accurate daily accounts in such form as may be prescribed by the Excise Commissioner of all foreign liquor and spirits received into and issued from the warehouse.
- IX. That he shall pay on demand, for all foreign liquors and spirits deposited and stored therein, the duty as the prescribed rate or rates.
- X. That he shall permit any Excise Officer of or above the rank of Inspector of Excise to have at all hours free access to the bonded warehouse places appertaining thereto and that on demand by any such officer he shall produce for inspection his accounts of deposits gauging foreign liquor or spirits on receipt and at the time of issue.
- XI. That when required by any Excise Officer of or above the rank of Inspector he shall assist him by sufficient number of employees in taking accounts of his stock and for gauging foreign liquor or spirits stored under his licences.
- XII. That he shall permit any Excise Officer of or above the rank of Inspector to take sample of any foreign liquor or spirits stored under his licences.

XIII. That the licensee shall be bound to make such general arrangements as may be directed by the Collector of the district for the removal of the waste matter and effuse arising out from the working of the Bonded Warehouse.

XIV. (i) That all members of the executive and ministerial staff of the bonded warehouse shall be citizens of India.

(ii) That the lists of all appointments with necessary particulars of employees other than labourers and menials, shall, from time to time, be submitted to Government through the Commissioner of Excise, for their information once least in every six months. In the case of labourer and menials, rate of wages and their native districts only.

XV. That the licensee shall be bound to maintain such minimum stock of foreign liquor and spirits in the bonded warehouse a may, from time to time, be fixed by the Excise Commissioner.

XVI. That the licensee shall not be permitted to issue foreign liquors or spirits from the warehouse to vendors of foreign liquor and pass holders unless he has taken out a licence.

XVII. That as security for the fulfilment of these conditions, the licence shall deposit with the Collector of the district a sum of Rs ..... and shall execute a hypothecation

deed pledging the bonded warehouse premises and all apparatus and utensils employed in the working of the warehouse for the due discharge of all payments which may become due to the Government of INDIA, Provided that the Government of INDIA shall not undertake to arrange for the sale of any of the foreign liquors and spirits in the warehouse.

XVIII. That the licensee shall not be entitled to any compensation for cancellation of his licence and abolition of the bonded warehouse as a result of any policy Government or for any other reasons.

XIX. The infraction of any of the conditions or of nay of the provisions of the INDIA Excise Act, 2000, as amended from time to time or any of hte notifications published or rules made thereunder so far as they are applicable to this licence shall subject the holder of this licence to forfeiture of his licence and the security deposit mentioned in C. XVII of this licence as well as to all or any of the penalties prescribed by law or rules.

**Deed of hypothecation for pledging the warehouse premises, all apparatus,  
appliances and utensils employed in the working of a bonded warehouse for  
the due discharge of all payments which may become due to the Government  
of INDIA**

This indenture made the ..... Day of  
..... 20..... between .....of  
the

one part and the Government of INDIA (herein after called the Governor, which  
expression shall, where the context so admits, include his successors in office and  
assigns) of the other part.

Whereas the said .....has been granted a licence under the  
provision of the INDIA Excise Act, 2000 (INDIA Excise Act No. XIV of 2000) to work  
a bonded warehouse at .....

from the

..... to the ..... and whereas it  
shall be conditions of the said licence that the said ..... shall execute a  
hypothecation deed in the prescribed form of the bonded warehouse premises,  
apparatus, utensils, etc. employed in the working of the bonded warehouse for the  
total value of Rs..... as security for the fulfilment of the  
conditions of the said licence and for payment of all sums of money which may  
become due and owing by him to the Government by way of penalty or otherwise  
and whereas encumbrances of the bonded warehouse premises, apparatus, utensil,  
etc. described and intended to be hereby assigned and conveyed for the total value  
as herein before mentioned.

Now this indenture witnesses in consideration of the grant to him of such  
licence as aforesaid ..... both hereby  
..... convey

,  
assign, transfer and assure unto the Government, all the land, hereditaments and  
premises more particularly described in the First Schedule hereto and all buildings,  
house and godowns and outhouses erected or being thereon and also rights,  
easements, liberties, privileges, profits, appendages and appurtenances whatsoever  
to the said lands, hereditaments and premises or any part thereof belonging or  
appertaining, and also all vats, machineries, tools, apparatuses, casks, plants,  
utensils, etc. which are now used or employed in or about the said bonded

warehouse premises, a list whereof is set out in the Second Schedule hereto – or which shall at any time during the continuance of this security be used or employed by the said .....in and about the said premises for the

purpose of the working of the bonded warehouse deposit, storage and issue or sale of foreign liquor. To hold the same unto the Governor for the total value as herein before mentioned subject to the provision for redemption hereinafter contained, that is to say

.....

Provided always, that if the said..... shall during the continuance of his licence and of the subsequent licences which may be granted to him to work the warehouse, observe and performs all the provisions of the INDIA Excise Act, 2000 (INDIA Act XIV to 2000), and of all rules framed or which may from time to time be framed thereunder so far as they relate to the licensee and shall pay all sums of money which may become due and owing by the said .. to the Governor in respect of

revenue, licence fees, cost of establishment or otherwise or in respect of fines or penalties which may be imposed on him, then the Governor shall at any time after the said.....shall have ceased to work the bonded warehouse upon the request and the case of the said his heirs, executors, administrators or assigns,

convey or retransfer to him the premises with vats, administrators tools, apparatus, casks, plants and utensils, etc. herein before granted and in hereby agreed and declared by the between the said .....his heirs, executors, administrators and

representatives of the Governor shall be recoverable by the Governor under the provisions of the INDIA Excise Act, 2000(INDIA Act No. XIV of 2000).

In witness whereof I have hereunto set my hand and seal the

.....day of .....in the year  
nineteen hundred.....

Witness.....  
.....

Witness.....  
.....

First  
Schedule.....

Signed, sealed and

delivered by the

Second Schedule..... above-named Collector for and on  
behalf of the Governor of INDIA

**Bond for the Import of Transport and storage of Foreign Liquor without payments of duty.**

Know all men by these presents that I am held and firmly bound unto the Governor of INDIA (which expression shall, where the contexts so admit, include his successor-in- office or assigns) in the sum of Rupees .....Thousand only to be paid to the Government of INDIA for which payment well and truly be made I bind myself and everyone of my legal representatives.

Date.....

Licencee.....

Whereas the above bonded ..... has been permitted to import or transport from time to time and store foreign liquor, rectified spirit and absolute alcohol without previous payment of duty;

Now the conditions of these obligations are –

1. That ..... or his real representative shall not at any time or times import or transport any quantity or quantities of the aforesaid foreign liquor the duty or the aggregate duty on which at the rate prescribed therefore from time to time under S.20 of the INDIA Excise Act, 2000 (INDIA Act No. XIV of 2000) and the rules framed thereunder shall exceed the sum of Rupees. thousand.
2. That.....or his legal representatives shall on such occasion of import or transport of the said foreign liquor within the time mentioned in the pass authorizing such import or transport granted under the rules granting the pass and deposited therein after the necessary examination, or in default thereof shall on demand pay or cause to be paid to the duty payable on the said specified quantity or on such portion thereof as shall not have been duly delivered and the quantity or quantities deposited and stored in the warehouse at the rate prescribed therefore under S.20 of the INDIA Excise Act, 2000 (INDIA Act No. XIV of 2000)
3. That if ..... and his legal representatives shall well and truly keep and perform all the conditions hereof then this bond shall be void and of no effect; otherwise the same shall remain in full force and virtue.

I witness whereof I have hereunto set my hand and

witness. 1.

2.

Date.....

Licencee

.....

## **PART-VI**

### **LICENCING PROCEDURES AND REGULATIONS OF DISTILLERIES AND BREWERIES**

#### **(1) Distilleries**

498. **Definitions:** In these rules, unless there is anything repugnant in the context, -

- a) “Brewer for sale” means a person who brews beer for the use of any other person, at any place other than the premises of the persons for whose use the beer has been brewed, and includes any licenced dealer in or retailer of beer, who brews beer ;
- b) “Distiller” means a person who holds a licence to work a distillery;
- c) “Draught Beer” means fresh beer contained in a keg not having more than 5 percent volume by volume (v/v) alcoholic content.
- d) “Feints” means impure spirit produced from the distillation of low wines;
- e) “Low wines” means impure spirit produced from the distillation of wash;
- f) “Microbrewery” means a small brewery situated in a place on the premises of IMFL retail ‘ON’ hotel, irrespective of its star status, or IMFL ‘ON’ restaurant licences issued under these Rules, where Draught Beer is manufactured and the same is served to their customers for consumption within the premises with an installed capacity of not more than one thousand liters per day.
- g) “Obscuration” means the difference, caused by matter in solution, between the true strength of spirit and that indicated by the hydrometer;
- h) “Officer-in-charge” or “the Excise Officer” means the Excise officer in-charge of a distillery;
- i) “Receiver” means any vessel into which the worm of a still discharges;
- j) “Receiver room” means the part of a distillery where the receivers are kept;
- k) “Spent lees” is the residue left after impure spirit has been redistilled;
- l) “Spent wash” is the residue left after wash has been exhausted of spirit;
- m) “Sugar” means any saccharine substance, extract or syrup, and includes any materials capable of being used in brewing, except malt or grain of any kind.

- n) "Vat" means any vessel used for blending, reducing or the storage of spirit;
- o) "Warehouse" the part of a distillery in which spirit in a fit state for consumption is stored.
- p) "Wash" means material for distillation which is under or has undergone, fermentation by natural or artificial means;
- q) "Wash back" means a vessel in which fermentation is carried on;
- r) For any other items, same definition contained in these Rules shall prevail.

### **LICENSING AND REGULATION OF DISTILLERIES**

499. **Application for licence:** Any person desiring to obtain a licence to establish and work a distillery, in any place in INDIA, shall apply in writing to the Commissioner of Excise stating the following particulars:
- (i) The name or names with address or addresses of the person or persons applying; if a firm; the name of every partner of the firm, and if a company, the registered name and address thereof;
  - (ii) The purpose for which the distillery is proposed to be opened, specifying in detail the nature of the business which the applicant desires to carry on therein;
  - (iii) The name of the place in which, the site on which and the buildings in which the distillery is to be constructed or worked;
  - (iv) The number and full description of the stills, vats and other permanent apparatus which the applicant wishes to work or set up, and the size and capacity of such stills, etc.;
  - (v) The date from which, in the event of a licence being granted to him, the applicant proposes to commence working the distillery; and
  - (vi) A correct plan of the buildings which he intends to use or to construct for his distillery, and a plan showing the position of stills, vats and other permanent apparatus therein and list of store-rooms, warehouses, etc., connected therewith.
  - (vii) Application fee at the rate prescribed in rule 113 of these Rules.
500. **Consideration of application:** (a) On receipt of the application and after consulting the Collector of the district in which the distillery is proposed to be opened regarding the suitability of the site, and buildings, if there be any already, and on any other points, and on receipt of the Collector's opinion, and after such further enquiry as he



may deem necessary, the Excise Commissioner shall decide whether the licence for the opening of the distillery should be granted or not. In deciding whether a licence for the working of a private distillery is to be granted or not, the Excise Commissioner will take into full consideration the purpose for which it is proposed to open the distillery and the demand or necessity for such a distillery.

(b) Purposes for which distilleries may be opened. Distilleries may be opened for:

- (1) Supply of country spirit ;
- (2) Supply of foreign liquor ;
- (3) Supply of spirit for the manufacture of chemicals, medicated articles, etc., or for other industrial purposes;
- (4) for any or all of the above purposes combined.

(c) If the Government sanctions opening of a Distillery in any area, the Excise Commissioner shall take necessary steps to establish the distillery under section 15 of the INDIA Excise Act, 2000 and inform the applicant and the Collector of the district in which the distillery is to be opened. He shall also inform the applicant the amount of security to be furnished by him/her for the due performance of the conditions on which a license may be granted to him. The amount of security deposit may be fixed at fifty percent of the Distillery licence fee or more according to the volume of business.

(d) Construction of distillery – Plans: The applicant shall then be called upon to make arrangements for the construction of the distillery. Upon completion of the building and after the still and other appliances and apparatus have been set up, he must file two fresh copies of the plans before the Collector who shall cause them to be verified in any manner he thinks proper, and then submit one copy of the Excise Commissioner for examination and for comparison with the plans first submitted, and for any further verification he may think necessary. After final approval by the Excise Commissioner, a licence will be granted by him to the applicant in the prescribed form in Excise Manual Volume III. The applicant shall be bound to conform to the orders of the Excise Commissioner regarding any addition or alteration to the buildings, stills, vats or other permanent apparatus or plant which he considers necessary whether before or after the final plans are submitted, for the proper security of the revenue or to render illicit practices impracticable.

(e) Additions or alterations to buildings, stills, etc. require previous sanctions of Excise Commissioner. No addition or alteration to the buildings, stills or other permanent apparatus as shown in the plans finally submitted by the applicant shall be made without the previous sanction of the Excise Commissioner obtained through the Officer-in-charge and the Collector. If the Excise Commissioner so directs, such additions or alterations may be permitted by the Collector subject to the Excise Commissioner's approval. When any such additions or alterations are made, fresh plans must be submitted to the Excise Commissioner through the Collector with a certificate from the officer-in-charge that they are correct. If the Excise Commissioner so directs the Officer-in-charge of the distillery may, with the permission of the Collector, allow minor alterations to be made to such buildings or stills and other permanent apparatus subject to subsequent approval of the Excise Commissioner.

(f) Excise Commissioner may at any time verify description and plans. It will be open to the Excise Commissioner to verify at any time of the descriptions and plans above mentioned and on proof or error, to require fresh ones to be submitted for sanction. Such verification may be made by any officer deputed for the purpose, and such officer shall be allowed full access to the premises. Sanction to the plans may be withheld until any point in respect of which they differ from plans already sectioned has been rectified to the satisfactions of the Excise Commissioner. The distiller shall be bound to carry out such rectification within a reasonable time to be fixed by the Excise Commissioner.

501. **Payment of licence fee and security deposit and execution of bond:** Before the licence to work the distillery is granted by the Excise Commissioner, the distiller shall be required to pay in advance licensee fees and the security for the due observance of the conditions of the licence under Rule 500 (c) and shall, execute a bond in the prescribed form pledging the premises, stills and all apparatus and utensils employed in the manufacture of spirit, for the due discharge of all payments which may become due to the State Government by way of duty, fees, rents, fines, penalties or otherwise under the provisions of his licence or to which the distillery may be liable by law or rules or under any engagement or bond into which he may have entered. In lieu of executing such a bond the distiller may deposit such amount as the State

Government may direct. The applicant shall require to pay a license fee as prescribed in rule 19(III) of these Rules.

502. **Period for which a licence may be granted or renewed:** The licence for a distillery may be granted for any number of years not exceeding 10, as the State Government may decide in each case, subject to annual renewal on satisfactory performance. If the work of the licensee is proved satisfactory throughout the period the licence may be extended beyond 10 years at the discretion of the State Government for a further period not exceeding same number of years on such terms and conditions as may than be decided upon.
503. **Establishments and their cost:** The State Government or Commissioner of Excise shall appoint such officer and establishment respectively as they think fit to the charge of a distillery. The distiller shall pay to the State Government at the end of each calendar month such establishment charges as may be determined from time to time by the Excise Commissioner. The cost of establishment shall include pay as well as leave salaries and pension contribution etc.
504. **Quarters for establishment and office-furniture:** The distiller shall provide suitable rent-free quarters, to the satisfaction of the Excise Commissioner, for the officer-in- charge and other establishment, in close proximity to the distillery, and shall keep the same and appurtenances thereto in proper repair. He shall also supply such office with such furniture as may be required for the use of the officers within the distillery.
505. **Distiller to give notice of commencement and closure of working:** Every proprietor or manager of a licensed distillery must give at least fifteen days' notice in writing to the Collector of the date on which he proposes to commence working the distillery, and at least one month's notice before he ceases to work it.
506. **Power to withdraw establishment:** In case a distiller ceases distilling or issuing spirits for a period exceeding one month, the State Government or Excise Commissioner may withdraw the establishment stationed at the distillery and may prohibit all further distillation and issue of spirits until the distiller has given him fifteen days' notice in writing of the date on which he proposes to recommence distilling or issuing spirits, as the case may be.

507. **Arrangements of still, etc.:** (a) The distiller shall so arrange his stills that spirit shall discharge into closed and locked receivers of such pattern that no spirit can be removed from them unless they are unlocked. Every pipe used for conveying spirit or feints must be so fixed and placed as to be visible throughout its entire length and shall, if the Excise Commissioner so directs, be coated with oil paint of a particular colour, and all joints thereof shall be sealed in such manner as the Excise Commissioner may prescribe. If the condensing worm is made of copper or if the spirit passes through pipers wholly or partly made of copper, such measures, as the Excise Commissioner may direct, shall be taken by the distiller in order to protect the liquor from serious contamination by the copper.
- (b) There shall be no opening into any still, condenser or refrigerator, except –
- (i) For connection with the wash backs or spirit receivers,
  - (ii) Properly secured air cocks or air valves of a number and description approved by the Excise Commissioner.
- (c) Locks and fastenings: The distiller shall provide and maintain suitable and secure fastenings and club locks or any other equally suitable locks made in India and approved by the Excise Commissioner, where necessary, to all stills, spirit receivers, fermentation rooms, store rooms, pipes etc., to the satisfaction of the Excise Commissioner. The keys of all such locks shall be kept in the personal custody of the officer-in-charge and the distiller, if he directs may put his own additional locks on all stills, receivers, etc., but shall be bound immediately to remove those locks, when required by the officer-in-charge, to allow free inspection.
- (d) Custody of duplicate keys: Duplicate keys of all locks for fastenings and stills, receivers, vats, pies, pipe connections, etc., should be deposited with the Treasury or Sub-Treasury Officer of the district or sub-division, as the case may be.
- (e) Glass safe and sampling apparatus: The distiller shall, if the Excise Commissioner so directs, provide between the stills and the spirits receivers a glass safe by which the quantity and strength of the spirits which are running will any moment be visible to the operator, or a sampling apparatus so constructed that for every sample drawn off an exactly equal quantity shall be discharged into a closed and locked receptacle. If required, both a safe and sampling apparatus shall be provided. The distiller shall

also, if so required, provide branch pipes fitted with locks by means of which spirits of different strengths and qualities may be diverted into receivers.

(f) Closed pipes for conveyance of spirit from receivers to store-room: The stills, receivers and vats shall be so arranged that the spirit may be conveyed from the store-room through closed pipes. All pipes and all joints thereof shall be secured and sealed to the satisfaction of the Excise Commissioner. With special permission of the Excise Commissioner spirit collected in the receivers may be conveyed to the store- room in casks.

(g) Receivers and vats to be provided with dipping rods and to be gauged: All receivers and vats in the distillery must be so placed as to admit of the contents being accurately gauged or measured, and must be fitted to the satisfaction of the Excise Commissioner with proper dipping rods, so adjusted to fixed dipping places that the contents thereof at each tenth of an inch of depth may, at any time, be ascertainable. The receivers and vats shall also be gauged in such manner as the Excise Commissioner may, from time to time, direct; also no vessels shall be used as receiver or store vat until it has been gauged and the gauging has been checked by such officer as the Excise Commissioner may appoint. Records of the dimensions of such vessels shall be maintained in accordance with rules prescribed by the Excise Commissioner.

(h) Cocks: Every cock kept or used in distillery shall be of such pattern and constructed in such manner as the Excise Commissioner may from time to time direct.

(i) Rooms and vessels to be marked and numbered : The distiller shall cause to be painted with oil colour and shall keep so painted upon the outside of every room or place and upon a conspicuous part of every vessel and utensil the name of such room, place, vessel, or utensils, according to the purpose for which it is to be used, and, when more than one room, place, vessel, or utensil is used for the same purpose, he shall also paint a progressive number of each, beginning with the number one.

508. **Vessels for storage:** Spirit shall be stored in sound vessels. Each vessel shall bear a serial number, painted or cut thereon. Its external parts must also be clearly visible.

509. **Dipping place or level of vessel not to be altered:** The distiller shall not cause or allow the dipping place or level of any vessel to be altered, or any device to be used to deceive the officer-in-charge in taking the gauge of any vessel, or to prevent him from taking a true account of all wash or spirit in any vessel.
510. **Wash not to be removed from distillery:** (a) The distiller shall not distill wash which has been prepared within the distillery, and no wash (except spent wash from which all alcohol has been extracted) shall be, on any account, removed from or allowed to pass out of distillery, except sealed samples forwarded by the Officer-in-charge to the Chemical Examiner or to such other officers as may be appointed for the purpose of examination under the general or special orders of the Excise Commissioner.
- (b) No wash or spirits to be brought into distillery: Except with the written permission of the Excise Commissioner, no wash or spirit not prepared or manufactured in the distiller shall be brought into the distillery.
- (c) Wash to be conveyed directly from wash backs to still: All wash made in the distillery shall be fermented in the wash backs and shall be conveyed directly therefrom into the still.
- (d) Re-distillation: Except with the written permission of the Excise Commissioner, the distiller shall not redistill any spirits other than those which remain in the feints or weak receiver attached to the still and which have not been removed therefrom.
512. **Strength of spirit manufactured to be regulated – Destruction of spirit unfit for use:** The spirits manufactures in the distillery shall be redistilled above or below such strength and shall be subject to such periodical analysis, as the Excise Commissioner may direct, and the distiller shall be bound to take steps to remedy any defects in his product which the Excise Commissioner may consider material. If the spirit is found to be inferior quality and unsuitable for the purpose for which it was made, it may be rejected and destroyed or otherwise dealt with under the orders of the Excise Commissioner without delay.
513. **Notices:** (a) The distiller shall give such notice in writing as the Excise Commissioner may prescribe of the transfer of spirit from the spirit receivers to the spirit store- room and of wash from the fermenting vessels or wash back to the still. He shall also state the percentage of proof spirit contained in the wash immediately before the

distillation thereof. This percentage shall be determined by means of instruments approved by the Excise Commissioner.

(b) Periodical stoppage of distillation: The distiller shall comply such orders as may be prescribed by the Excise Commissioner for the periodical stoppage of distillation for the purpose of ascertaining the quantity of spirit distilled from the quantity of wash passed into the still.

514. **Transfer of spirit from receiver to store-room:** All spirit collected in the receivers shall be transferred or conveyed into the spirit store-room without unnecessary delay; provided that not spirit shall be so transferred between 6 p.m and 6 a.m.
515. **Hours of work:** All operations in a distillery, which require the presence of an Excise Officer, shall be stopped on Sundays and on such holidays as may be prescribed by the Excise Commissioner. The distiller shall also arrange his operations in a distillery that no Excise Officer need to be on duty for more than eight hours per diem.
516. **Daily accounts to be kept by distiller:** The distiller shall keep accurate and regular daily accounts showing (1) the quantity and description of materials used, (2) the quantity of wash and spirit manufactured, (3) the quantity of wash used, (4) the quantity of spirit passed out and (5) the quantities of wash and spirit in store. Under the last head the quantity of spirit remaining in stock in each case, vat or other receptacle shall be shown. Such accounts shall be open at all time to inspection by the Excise Officer-in-charge or other Excise Officer authorized by the Collector, and by all superior officers of the Excise Department.
517. **Samples of materials to be sent to Chemical Examiner:** Samples of materials used in the distillery for the manufacture of spirit manufacture therefrom shall be sent to the Chemical Examiner for analysis before use or issue from the distillery as the case may be. The samples of any preparations manufactured should however be paid for at the current rate but the cost of dispatch of the samples and also the prescribed fee for examination shall be paid by the distiller.
518. **Ejection of undesirable persons:** The officer in charge of the distillery may eject and exclude from the premises any person when he finds to have committed, or to be about to commit, any breach of these rules and of the excise law or rules made thereunder, or who is intoxicated , riotous or disorderly, Any action taken by such officer shall be immediately reported to

his official superior.



519. **Smoking and use of naked lights prohibited:** Smoking or use of naked light or fires in any portion of a building used for fermentation, distillation or for storage of spirit is prohibited.
520. **Government not liable for loss, etc. of spirit in the distillery:** The provincial Government shall not be held responsible for the destruction, loss or damage, by fire, theft or any other cause whatsoever, occurring to any spirit stored in the distillery or in gauging, weighment or proof. In case of fire or other accident the officer-in –charge of the distillery shall immediately attend to open it any hour by day or night.
521. **Distiller responsible for loss, etc. of spirit in distillery:** The distiller shall be responsible for the safe custody of the stock of spirit in his distillery and shall be liable to make good any loss of revenue caused to the State Government by his negligence.
522. **Appointment of persons in the distillery requires approval of the Collector- order of the Collector appealable to the Excise Commissioner:** The appointment of all persons by the distiller shall be subject to the approval of the Collector who will have the power to order the removal from the service or prohibit the appointment of any person whom he considers undesirable. The order of removal passed by the Collector or his decision to prohibit any one's employment shall be appealable to the Excise Commissioner.
523. **Control over persons entering a distillery:** All person other than any Government Officer entering a distillery shall be under the orders of the office –in- charge in respect of their conduct and proceedings within the distillery and shall be liable to search on their quitting the premises, at the discretion of the office-in-charge.
- Note : The officer-in-charge must understand that the power of search is to be used with discretion. No respectable person should be subjected to search except on very good grounds for suspension of the officer's reason for his action.
524. **Periodical stock taking:** (1) The officer-in-charge of the distillery will take stock of all spirit in the distillery on the last preceding open day if the last day be a Sunday or holiday prescribed by Excise Commissioner, and the distiller shall pay the State Government, duty at the rate imposed under (S) 20 of the INDIA Excise Act, 2000, on spirit manufactured, imported, exported or transported, as the case may be and

on all spirit which may not be forthcoming and for which he shall be unable to account to the satisfaction of the Excise Commissioner in excess of a wastage allowance of half percent (0.5%).

**(2) Wastage for the purpose of collection of duty to be calculated annually and duty on excess deficiency.** Wastage for the purpose of collection of duty on the excess as aforesaid shall be calculated annually, that is, at the end of the year for which the licence is in force;

Provided that if it shall be proved to the satisfaction of the Excise Commissioner or of such officer as he may appoint, that such deficiency in excess of half percent (0.5%) has been caused by accident or other unavoidable cause, the duty on such deficiency may either be wholly or partly remitted at the direction of Excise Commissioner.

525. **Procedure for stock taking:** For taking periodical stock, the gauging of spirit in vats or casks may be done by dip-rod measurement, weighment, or by such other method as may be prescribed by the excise Commissioner, whenever by bung-rod measurement, the deficiency in any cask is found to be excessive, the whole contents of the cask shall be promptly measured by gallon measures and the actual deficiency accurately ascertained.
526. **Calculation of duty in case of obscuration:** When it is known or suspected that saccharine or other matter, of such a nature as to prevent the true strength being ascertained by means of the hydrometer, is present in spirit, duty be calculated on the quantity and strength of such spirit as ascertained before the introduction of such matter. No allowance shall be made for wastage in such spirit after the addition of such matter and before removal from the distillery. Such spirit shall be kept in a separate receptacle.
527. **Distillers bound all rules and special orders:** The distiller shall be bound by the provisions of INDIA Excise Act, 2000, and by all rules for the management of the distillery or for use of Spirit therefrom which may be prescribed under the aforesaid Act from time to time and by the special orders of which may be issued by the Excise Commissioner regarding any particular distillery and shall cause all persons employed by him to obey all such rules and orders.
528. **Admittance of persons into distilleries:** Distilleries shall be open only for the entrance and exit of persons who have business with them. Except with the

permission of the Excise Commissioner or Superintendent of Excise , no one except any Government Officers, distillers, contractors, and their servants, and licenced vendors who have come to purchase spirits, shall be allowed to enter the premises. A register shall be kept of the names of all persons employed by distillers and contractors and all recognized employees will be supplied with passes for ingress and egress.

529. **Separate licenece for manufacture of foreign liquor for sale:** Distillers who desire to manufacture foreign liquor for sale must take out separate vend licences on such terms and conditions as may be determined on the merit of each case.
530. **Compounding and bottling of foreign liquor require separate licences:** Manufacturers of foreign liquor must take out separate compounding and bottling licence in accordance with the rules framed thereto, if such operations are carried out.
531. **Bottling , blending etc. to be conducted within the distillery enclosure:** All processes connected with bottling, flavoring, blending or colouring foreign liquor must be conducted in a separate building within the distillery enclosure.
532. **Responsibility for breach of rules by servants:** If it comes to the knowledge of the distillers that any person employed by him in the manufacturing, storage, receipt, blending, reducing or issue of spirits has committed any breach of the INDIA Excise Act, 2000 or rules framed there under or of the engagements entered into him, it shall be his duty to report the matter to the office-in-charge and comply with the directions of that officer respecting the continued employment of such persons. The office-in-charge shall report the matter together with the action taken by him to the Superintendent of Excise who will take thereon such action, if necessary with the approval of the Excise Commissioner as he may think fit.
533. **Minimum stock for distillery:** The Commissioner of Excise may prescribe the minimum stock of spirit to be maintained in a distillery.
534. **Fine in case of breaches of conditions of licence etc.:** A) In case of any breach of these rules or of the conditions of the licence or in case of any attempt, by altering the capacities of receptacles or otherwise, to deceive the officer-in-charge in gauging to proving either by the distiller or by any person in his employment, it shall be competent for the Excise Commissioner to impose upon him, in lieu of

cancellation of the license a fine under section 76 of the Act and subject to the control of the State Government, to declare the money, if any deposited with the said Government forfeited, and to cancel the licence.

B) if the fine imposed as aforesaid be not paid within a date to be specified by the Excise Commissioner or the collector, it shall be lawful for him to deduct from the sum deposited with the later by the licensee as security for the performance of the conditions of the licence, and for this purpose the Excise Commissioner or the Collector, as the case may be, may sell all or any of the property hypothecated.

535. **Fine deducted from security deposited to be replaced:** Any sum deducted by the Excise Commissioner or the collectors under the powers herein contained from the amount deposited by the distiller as security for the due performance of his engagements shall be replaced by the distiller within fifteen days from the date of receipt of a notice from the Excise Commissioner or the Collector, as the case may be, informing him of such deduction having been made.
536. **Prosecution not barred by imposition of fine etc.:** The imposition of a fine, or the forfeiture of deposit or the cancellation of the licence under rule 534 of these rules shall not be held to prevent the prosecution of any person for any offence which may have been committed against the provisions of the INDIA Excise Act, 2000 or the rules framed thereunder or any other law for the time being in force relating to the excise Revenue.
537. **Recovery of sums due to Government:** a) Without prejudice to the procedure prescribed for the recovery of dues under Section 36 of the INDIA Excise Act, 2000 all sums due to the State Government may be recovered from amount of deposit made by the distiller or by sale of the premises, stills and other things pledged under the bond.
- b) Disposal of liquor on expiry of licence: On the expiry of the licence, either on account of expiry of the term, or on account of cancellation or suspension, the Excise Commissioner may take over or permit successor of the distiller to take over the balance of liquor in the distillery at cost price or may require the distiller forthwith to remove all liquor remaining within the distillery on payment of full duty.
- c) if the distiller fails so to remove all spirits within ten days of the receipt of written notice from the collector, the cost of any establishment which it may be recovered

from him; and if he shall fail to do so within one month, the spirit shall be liable to forfeiture at the discretion of the Excise Commissioner.

## **(2) Breweries**

### **Premises and licence**

#### **538: Application for breweries and microbreweries licence:**

a) Every brewer for sale of beer shall, before he begins to brew, deliver to the Excise Commissioner through Superintendent of Excise a description in writing signed by himself, of all premises rooms, places and vessels intended to be used in his business, specifying the purpose for which those are to be used, and the distinguishing mark of each on the outside of the door of every room and place in which the business is carried on and on some conspicuous part of each of the aforesaid vessel, these shall be legibly painted in oil colour the name of the vessel, utensil, room or place according to the purpose, each shall be distinguished by a progressive number. An Application fee at the rate prescribed in rule 113 of these Rules shall also be deposited for the purpose.

b) **Inspection of premises and grant of licence:** Before the licence to brew is granted, an Excise Officer, authorized by the Excise Commissioner shall inspect premises, etc. compare the same with the particulars stated in the aforesaid written description and certify accordingly. if the description be found satisfactory and if on the report of District Collector the applicant is considered a fit person to receive a licence, the licence shall be granted by the Excise Commissioner with due sanction from the State Govt. on such terms and conditions as may be imposed and on payment of a license fee as prescribed in rule 19(III) of these Rules.

**539: Licence to be renewed annually:** The licence for a brewery or microbrewery must be renewed annually. If there is nothing adverse against the licences at the discretion of the Excise Commissioner and on satisfactory performance of the licence.

**540: Storage and use of sugar:** All sugar shall be stored in a room specially set apart for it and duly described as a "Sugar Store". No sugar shall be removed from the sugar store into any part of the brewery except in pursuance of any entry under R 542 of these rules for use in a brewing.

### **Vessel**

541. **Manner of fixing vessels:** Mash tuns, under backs, wort receives, coppers and collecting and fermenting vessels shall be so placed and fixed that the contents can be accurately gauged or measured.
542. **Marketing:** a) The name and number of each vessels shall be legibly painted in oil colour on some conspicuous part thereof according to the purpose for which it is intended to be used.
- b) Position, etc. not to be altered without notice. The brewer shall not begin to contrast, nor alter the shape, position or capacity of, any mash tun, under back, wort receiver, copper, collecting or fermenting vessel, or other brewing vessel, without giving two days previous notice in writing to the Excise officer. When the alternations have been completed, or the additional vessels have been constructed, the brewer shall deliver a description of the same in accordance with sub-paragraphs
- (a) of R 537 supra.

### **Brewing Book**

543. **Particulars to be entered in brewing book:**

The Excise officer authorized by the Excise Commissioner shall deliver to every brewer a book in which the brewer shall enter in the proper column at least twenty-four hours before beginning to mash any malt, etc. or to dissolve any sugar the day and hour of brewing with the date of making the entry, and at least two hours before the time entered for mashing or dissolving, he shall enter separately the quantity of malt and unmalted corn, rice, grits, flakes rice, maize grits, flaked maize and other similar preparations and sugar to be used and the hour when all the worts will be drawn off the grants in the mash tun.

544. **Notice before brewing:** The Excise Commissioner may require any brewer to send to the proper officer, 48 hours before brewing, a written notice of his intention to brew.
545. **Further entries in brewing book:** The brewers shall also enter in the same book prescribed under R 542 above the quantity and gravity before fermentation of the

worts collected, the number and description of the vessel or vessel in which the worts were collected, and the date and hour when the entry is made. Such entry shall be made within one hour after the collection has been completed.

546. **Brewing book to be kept on premises:** The brewer shall enter the true original gravity of the worts, and he shall keep the book on the premises in the description referred to in R 538 supra at all times accessible to the officer and ready for his inspection.
547. **Sacharometre:** An approved sacharometre and tables shall be used to ascertain the quantity of worts by relation to gravity.
548. **Highest account of worts to be charged with duty:** The highest account of worts shall be accepted and charged with duty, whether it to be that entered by the brewer or that found by the Excise Office after the entry of the worts collected has been made.
549. **Determination of original gravity:** When fermentation has commenced in any worts, so that the original gravity cannot be ascertained by the sacharometre, such gravity shall be determined by such person as may be appointed for the purpose by the Government of INDIA, in such manner as shall be approved by the Excise Commissioner.
550. **Increase in original gravity:** If at any time the original gravity of any contained in the collecting or fermenting vessel shall be found to exceed by five degrees that entered by the brewer, or ascertained by the Excise officer, the Excise Commissioner may deem such worts to be produce of a fresh brewing and change duty accordingly.
551. **Brewing book is Government property:** The brewing book is the Government property.
552. **Altered or false entry in brewing book:** The brewer shall not cancel, obliterate or alter any entry or make any entry which id\s untrue in any particular.
553. **Security may be required:** Before the licence to work a brewery is granted the brewer may be required to make a deposit with the collector of such amount of security to be furnished by him for due performance of the conditions on which a licecne may be granted to him. The amount of security deposit may be fixed at fifty percent of the Brewery licence fee or more according to the volume of business.

554. **Security liable for discharge of duty, fees etc.:** The said security deposit shall be at the disposal of the collector for the due discharge of all payments which may become due to the State Government by way of duty fees, fines, penalties or otherwise, under the provisions of a licence or to which the brewer may be liable by law or by rules or by any engagement or bond into which he may have entered.
555. **Date for payment of duty:** The duty on the worts shall become due immediately on being charged or as per prevailing procedures. A date in each month not later than the 10th of the month succeeding that in which the duty was charged may be fixed by the Excise Commissioner for payment of duty.
556. **Restriction on removal of Beer:** No worts shall be removed from the brewery until the duty imposed under chapter V of the INDIA Excise Act, 2000 has been paid or until a bond for payment of such duty under S.9 of the aforesaid Act has been executed for the payment thereof.  
Provided that the quantity of worts of beer which may have issued without payment of duty as aforesaid shall not exceed the quantity the duty leviable of which is covered by the said bond.
557. **Pass required to cover removal from brewery:** No wort or beer which has not paid the duty imposed under chapter V of the INDIA Excise Act, 2000 shall be removed from the brewery and beyond its premises without a pass issued by the Excise Commissioner by any other officer empowered in this behalf by the State Government.
558. **Concealment of worts etc.:** The concealment of worts or beer and the fraudulent increase of quantity or gravity after an account has been taken and the duty has charged entail penalties imposed under S 56 and 74 of the INDIA Excise Act, 2000.

### **Mode of Working**

559. **Collection and removal of worts:** All worts shall be removed successfully and in the customary order of brewing to the under back, coppers, coolers and collecting or fermenting vessel and shall not be removed from the last named vessels until and account has been taken by the Excise officer, or until after the expiration of twelve hours from the time at which the worts are collected.



560. **Time for collection of worts:** All the produce of a brewing shall be collected in the collecting or fermenting vessels within twelve hours from the time when the worts has commenced running into the collecting or fermenting vessels.
561. **Brewing to be kept separate:** The total produce of a brewing shall be kept separate from the produce of any other brewing for sixteen hours, unless an account of such total produce has been taken by Excise Officer.
562. **Mixing of worts:** No produce of any brewing shgall be mixed with that of any other brewing except in the store vats or cacks, unless the brewer has given previous notice in writing in the breweing book of his intention to mix worts in the fermenting vessels and specifies in writing the quantity and gravity of the worts when mixed.
563. **Vessels not to be used for returned beer etc.:** No returned beer or fermented liquor shall be put into any of the brewing or fermenting vessels described under R 538.

### **Scale and Weights**

564. **Scale and weight and assistance to inspecting officer:** Every brewer shall provide and maintain scales and weight as prescribed by the Excise Commissioner and shall assistance to any inspecting officer in taking accounts.
565. **Allowance for wastage:** An allowance of 5 (five) percent shall be made from the monthly total of the charges on account of wastage.
566. **Remission of duty in case accidental loss:** Duty may be wholly or partly remitted or repaid in respect of worts or beer on which duty has been charged , and which may have been destroyed by accidental fire or other unavoidable cause, while on the licenceed premises of a brewer for sale, provided that satisfactory evidence of such loss has been produced to the Excise Commissioner.

### **Allowance for sour or spoilt beer**

567. Written applications must be made to the Excise Commissioner for allowance for sour or spoilt beer.
568. **Destruction of sour or spoilt beer:** There must be satisfactory evidence to enable the Excise Commissioner to decide whether the beer can be identified with its proper brewing , subject to the following rules, if he is satisfied on this point, he will sanction the destruction of the beer in presence of Excise Officer.

569. **Brewers declaration:** The brewer must sign a declaration that the beer was brewed by him and never left his premises and that no part of it consists of bottoms or returns from vendors or other customers.
570. **Samples:** Representative sample must be taken and sent to such laboratory as the Excise Commissioner may decide upon.
571. **Destruction of spoilt beer:** The Excise officer must state the means by which he checked the bulk quantity, and after samples have been taken as aforesaid he must witness the destruction of the beer and record a note of the fact in the brewing book.
572. **Credit of duty on spoilt beer allowance:** On receipt of a satisfactory report from the laboratory, the brewer may be credited with the proper amount of duty.

### **Materials**

573. **Use of deleterious matter may be prohibited:** The Commissioner of Excise may prohibit the use of any material in the manufacture of beer which is in his opinion of deleterious nature.
574. **Analysis of samples:** The excise officer or any inspecting officer may take, without payment for the purpose of analysis samples of any beer or material used in the manufacture thereof.
575. **Addition of fining etc. to beer:** A brewer for sale, or a dealer in or a retailer of beer shall not dilute , adulterate or add anything to beer except fining or other matter sanctioned by the Excise Commissioner.
576. **Register to be kept:** The following registers shall be maintained in the brewery.
- a) A book showing the quantity of beer manufactured and issued the names and places to which the beer has been consigned and the balance remaining in store after each transaction .
  - b) A book showing particulars and original gravity of beer which has been returned unsold to the brewery.
577. **Quarterly account:** On the 7th of the month following the close of each quarter, an account shall be forwarded by every brewer to the Collector in which shall be shown the total quantity of beer issued during the quarter, the amount of duty paid, the quantity of beer returned unsold to the brewer and amount claimed or received as

refund of duty. The collector shall after testing the correctness of the entries forward a copy to the Excise Commissioner for record in his office by the end of the month at the latest succeeding the close of the quarter.

578. **Quarterly examination of stock:** The accounts of brewery and the stock of beer in hand in it shall be examined by the Superintendent of excise or by the other Excise officer authorized in this behalf by the Excise Commissioner once a quarter, if the quantity of beer in stock in the brewery on such examination be found to exceed the quantity shown in hand in the stock account, the brewer shall be liable to pay duty on such excess at double the rate prescribed for ordinary issue. If the quantity be found less than that shown in the stock account, the cause of the deficiency shall be enquired into and the result reported to the Excise Commissioner who may direct the levy of a fine not exceeding double the amount represented by the duty on such deficiency provided that any deficiency not exceeding 5(five) percent shall be disregarded an allowance to this extent being made to cover loss in bulk due to evaporation, ullage and other contingencies within the brewery.
579. **Testing of Beer samples:** The licensee of a brewery or a microbrewery shall arrange to check the quality of raw materials used and the beer produced in the brewery or in the microbrewery by the Chemical Examiner, Excise, INDIA. The beer so produced shall be released for sale only after the said Examiner certifies that such beer is fit for human consumption. In case of microbrewery, samples shall be drawn once in every month and the report of the Chemical Examiner, Excise, INDIA shall be displayed on the premises of microbrewery.

## **PART-VII**

### **HOLOGR**

#### **AM**

580. **Definition:** "Hologram" means Holographic Excise Adhesive Label (HEAL) which is a product of laser optics and is used on liquor bottles to preserve genuineness of the product.
581. **Manufacturing of hologram:** (i) The tender for procurement of Security Holograms for affixation on liquor bottles shall be called through e-tender notice.
- (ii) The manufacturing of Holograms shall be done under supervision of the purchasing department officials. The successful tenderer must set up its own facility for Hologram manufacturing in spool form facility in the Kamrup (Metro) district of

INDIA with prior concurrence and at the rate fixed by the Commissioner of Excise, INDIA.

Provided that the State Government may, by notification, direct such amount to be paid as handling charges to such head of account or such authorities as may be decided by the State Government from time to time.

(iii) The successful bidder shall be issued a licence for manufacture of hologram on payment of a licence fee of Rupees five lakhs (Rs.5,00,000.00) per annum.

(iv) The Commissioner of Excise, INDIA shall appoint such Excise officers and establishment as he may think fit to the charge of the hologram manufactory. The licence holder shall pay to the State Government at the end of each calendar month such establishment charges as may be determined from time to time by the Excise Commissioner. The cost of establishment shall include pay and allowances, if any, as well as leave salary and pension contributions.

(v) **Accommodation for Officer-in-charge and established:** The licence holder shall provide suitable rent free quarters to the satisfaction of the Excise Commissioner for the Officer-in-charge and other establishment in close proximity to the hologram manufactory and shall keep the same and the apparatuses therein in proper repair. He shall also supply such office with such furniture as may be required for the use of the officer within the hologram manufactory.

582. **System of Procurement of Holograms from the manufacturer:** (i) The licensee of a

a) Foreign Liquor manufactory, Brewery or

b) Country Spirit manufactory

shall make advance payment for the procurement of hologram to the Commissioner of Excise, INDIA. They shall do so by way of a Demand Draft for 100% value of the holograms in favour of the hologram manufacturer. Along with the payment, the licensees referred in a) and b) above will also submit a requisition to the Commissioner of Excise, INDIA for the number of holograms desired by them. Once this requisition is approved by the Excise Commissioner, a pass will be issued authorizing the supply of holograms to the concerned manufactory, brewery or country spirit warehouse under an invoice raised by the manufacturer in the name of the indenter. The Demand Draft received from the manufactory, brewery or country

spirit warehouse would then be handed over to the manufacturer by the Commissioner of Excise. The manufacturer shall arrange to dispatch the holograms within 72 hours of receiving such intimation from the Excise Commissioner. Payment for rejected labels, if any, will be adjusted against the subsequent payment. On receipt of the Holograms, the Excise Officer in charge of the Foreign Liquor manufactory, Brewery / Country Spirit manufactory shall confirm the receipt through a verification certificate.

(ii) The spools of Holograms so received from the manufacturer shall be stored securely within the bonded premises of the Foreign Liquor manufactory, Brewery / Country Spirit manufactory, under the joint supervision of the Excise Officer in charge of the manufactory, Brewery / manufactory, and the licensee of the manufactory / manufactory or his authorized representative.

**583. Activity description at the Foreign Liquor manufactories, Breweries and**

**Country Spirit manufactory: (i)** At the start of production during the day, the licensee of the Foreign Liquor manufactory, brewery / Country Spirit manufactory shall place a requisition for a defined number of Holograms to the Excise Officer in charge of the manufactory / manufactory. The requisition shall be for 10,000 Holograms or multiples thereof.

(ii) The Excise Officer in charge of the manufactory, brewery / manufactory shall supply the same to the licensee, after making a record of the same.

(iii) The Holograms would be affixed on all the bottles during production.

(iv) Before the removal of any bottle or bottles of liquor to the bonded warehouse of the Foreign Liquor manufactory / Country Spirit manufactory, the licensee of a manufactory, brewery / manufactory shall assign the required attributes to the Holograms so affixed.

(v) The Holograms which have been supplied by the Excise Officer in charge of a manufactory to the licensee of the manufactory, but which remain unused after the completion of the day's production, shall remain in the custody of the manufacturer. Those Holograms shall be affixed on the bottles during production on the next working day.

A spool of Holograms once fixed on a particular bottling line shall not be ordinarily removed till the spool is completely exhausted.

**584. Damage and loss of Holograms and Payment of Hologram Wastage Regulatory Fee:**

(i) The licensee concerned shall be liable to pay Hologram Wastage Regulatory Fee, which shall be equivalent to the ad-valorem levy of the product for which the manufactory has been registered with, if the Excise Commissioner has reason to believe that the Holograms reported to be lost or damaged have not actually been lost or damaged.

(ii) In all cases, the Excise Officer in charge of a Foreign Liquor Manufactory, brewery or a Country Spirit Bottling, shall maintain a record of the number of the lost or damaged Holograms, and of the Serial (Sequential) Numbers of the lost or damaged Holograms.

(iii) An account of stock of Holograms shall be taken in each Foreign Liquor Manufactory, brewery and Country Spirit Manufactory at the end of each calendar quarter, by the Superintendent of Excise, or by an Excise Officer, not below the rank of an Inspector of Excise, deputed by the Superintendent of Excise, for the purpose.

(iv) If, during such stock-taking, a discrepancy is found between

a. The total number of Holograms dispatched by the manufacturer for supply to the Foreign Liquor manufactory, brewery / Country Spirit manufactory concerned; and

b. The total of the number of Holograms

i. used for affixation on bottles produced in the manufactory, brewery / manufactory,

ii. lost or damaged, but accounted for, and

iii. the number of Holograms lying unused with the Excise Officer in charge of the manufactory / manufactory, and with the licensee of the manufactory, brewery / the manufactory;

the unaccounted-for Holograms (i.e. the difference between a. and b.) shall be treated as damaged or lost and the licensee of the manufactory shall be liable to pay Hologram Wastage Regulatory Fee for such Holograms.

In such cases a demand shall be raised by the concerned Superintendent of Excise on the basis of the report of the stock taking officer and the licensee of the Foreign Liquor Manufactory, brewery or the Country Spirit Manufactory, as the case may be, shall be liable to pay the Hologram Wastage Regulatory Fee as per the demand raised within three days of receipt of such demand.

c. The licensee of a Foreign Liquor manufactory, brewery / Country Spirit manufactory shall inform the Excise Officer in charge the manufactory / manufactory about the number of Holograms that were lost or damaged during the process of affixation of the Holograms on bottles. The licensee shall also furnish a list of the Serial (Sequential) Numbers of such lost and damaged Holograms, to the Excise Officer.

The Excise Officer shall maintain a record of such lost and damaged Holograms.

d. Damaged Hologram should be physically preserved by the licensee for inspection by the Excise Officer in charge of the manufactory, brewery / manufactory, or by any other Excise Officer.

585. **Repeal and savings:** All rules corresponding to the foregoing rules made under any enactment repealed by Section 85 of the Act are hereby repealed:

Provided that the repeal shall not affect –

- (a) the previous operation of the rules so repealed or anything duly done or suffered thereunder, or
- (b) any right, privilege, obligation or liability acquired, accrued or incurred under any rule so repealed, or
- (c) any penalty, forfeiture or punishment incurred in respect of any offence committed against any rule so repealed, or
- (d) any investigation or legal proceeding or remedy in respect of any such right, privilege, liability, penalty, forfeiture or punishment as aforesaid and any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if such rules had not been repealed.

Provided further that subject to the preceding provision anything done or any action taken (including any appointment or delegation made, notification, order, instructions or direction issued, form, certificate obtained, permit or licence granted or registration effected under any such rules) shall be deemed to have been done or taken under the corresponding provisions of these rules and shall continue to be in force accordingly, unless and until superseded by anything done or any action taken under the Act or these rules as the case may be.

Sd/ Rajesh Prasad, IAS  
Commissioner & Secretary to the Govt. of  
INDIA Excise Department, New Delhi