

**OFFICE OF THE ACCOUNTANT GENERAL (C&R AUDIT)
UTTAR PRADESH, LUCKNOW
BRANCH OFFICE, ALLAHABAD**



सत्यमेव जयते

**REVENUE AUDIT
MANUAL**

**U. P.
STATE EXCISE
DUTY**

**THIRD EDITION
(2007)**

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Branch Office - Allahabad*

**REVENUE AUDIT
MANUAL**

***UTTAR PRADESH
STATE EXCISE DUTY***

PREFACE

It gives me immense pleasure in presenting the third edition of the audit manual on Uttar Pradesh, State Excise Duty, Since. 2000. when the second edition of this manual was brought out, several changes in the relevant Acts and Rules have taken place, which have been incorporated in the third edition so as to make it up to date.

This manual has been prepared for guidance of the officers and staff auditing State excise receipts and refunds. In this manual, the relevant provisions of the Law and the procedure for assessment and collection of State Excise Duty have been set out. However, in course of audit, reference has to be made to the Act or the Rules framed thereunder. Such a reference should be to the sections and rules of the various Acts and Rules framed thereunder and not to the paragraphs of this Manual.

The material contained in this manual may require modifications in light of further experience gained in course of field audit and subsequent orders and instructions issued by the State Government from time to time. The receipt Audit Wing (State) II will be responsible for keeping the manual up to date.

The manual should be treated as a guide only and the audit checks indicated should not be taken as exhaustive. Errors or omissions in the manual may be brought to the notice of the Accountant General (C & R A), Uttar Pradesh, Lucknow, Branch Office Allahabad. Suggestions for further improvement of this manual are also welcome.

Finally, I take this opportunity to express my sincere thanks to Sri Ram Shiromani, Senior Audit Officer and Sri Allah Raham Assistant Audit Officer (AAO) in my office, for their earnest effort in collecting all the background resource material and for all their valuable contribution in updating this manual.

*Allahabad
January 2007*

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CHAPTER - 1

CONSTITUTIONAL PROVISIONS

Introduction

1.1 The power of the State Government to levy and collect the State Excise duties is derived from Article 246 of the Constitution of India and Entry 51 of List II - State List of Seventh Schedule thereto.

Basis for Levy and Collection

1.2 The following Central and State Laws and the Rules made thereunder govern the levy and collection of excise duties and other excise receipts like fees, fines etc.

Central Laws

(a) *Central Laws*

- (i) The Opium Act, 1878 and Rules made thereunder seeking to control the cultivation of poppy and manufacture of opium therefrom.
- (ii) The Dangerous Drugs Act, 1930 and Rules made thereunder seeking to suppress contraband traffic and control the abuse of dangerous drugs, especially those derived from opium, Indian Hemp etc.
- (iii) The Medicinal and Toilet Preparations (Excise Duties) Act, 1955 and Rules made thereunder providing for levy and collection of duties of excise on medicinal and toilet preparations containing alcohol, opium, Indian hemp or other narcotic drugs.

States Laws

(b) *State Laws*

- (i) The U. P. Excise Act, 1910 and Rules made thereunder to regulate the production, manufacture, possession, transport, purchase and sale of intoxicating liquor and drugs, the levy of duty of excise and countervailing duties on alcoholic liquors and production and distribution of power alcohol.
- (ii) The Uttar Pradesh Sheera Niyam Adhiniyam, 1964 and the Rules made thereunder.

CHAPTER - 2

THE EXCISE DEPARTMENT, THE NATURE OF EXCISE RECEIPT AND SOME IMPORTANT DEFINITIONS

Organisation

2.1 Organisation of the Excise Department : The Excise Department functions under the administrative control of the Excise Commissioner. To assist the Excise Commissioner in proper administration of the department, Deputy Excise Commissioners and under them Assistant Excise Commissioners are appointed both at the Headquarters and in the districts. An Assistant Excise Commissioner unless he is at the Headquarters, has under his territorial charge, a group of several districts in one of which he would have his headquarters. In a few districts, Assistant Excise Commissioners have been posted as District Excise Officers (DEO) and also Excise Superintendents. For administration of levy and collection of State Excise duties, the State is divided into various Excise districts, which are usually the revenue districts of the State. The Collector of the District is the head of Excise Administration of the district and assisted by a District Excise Officer. The Bonded warehouses (BWH), distilleries, breweries and bonded pharmacies, are each under the charge of an officer of the Excise Department, usually an Excise Inspector. These serve as primary units for levy and collection of excise duties and allied levies. In addition, the Excise Districts are subdivided into circles, each under the charge of an Excise Inspector.

Classes of Excise Revenue

2.2 Nature of Excise Taxation : Receipts on account of excise revenue are broadly divided, into the following categories :

- (i) Duties,
- (ii) License fees.
- (iii) Vend fee on denatured spirit
- (iv) Tree tax and surcharge.
- (v) Cost price of intoxicants
- (vi) Miscellaneous receipts such as composition fee, sale proceeds, fines and confiscations and receipts for service rendered.

[Rule 36 of U.P. Excise Rules]

Kind of duties leviable

2.3 The duties on the following are imposed in Uttar Pradesh :

From 25-10-89 no vend is recoverable Supreme Court Judgement dated 25-10-89

- (i) On Indian made foreign liquor imported into or manufactured in U.P. and issued from distilleries, a fixed still head duty calculated in terms of alcoholic litres.
- (ii) On plain and spiced spirit imported into or manufactured in U.P., and issued from distilleries and bonded warehouses, a fixed duty calculated per bulk litre at fixed strength.
- (iii) On spirits manufactured in distilleries and exported to places outside the State, a fixed export duty.
- (iv) On Indian made beer imported into or manufactured in U.P. and issued from breweries, a fixed duty per bulk litre.
- (v) On medicinal and toilet preparations containing alcohol, duties at the rates given in the Schedule appended to the "Medicinal and Toilet Preparations (Excise Duties) Act, 1955.
- (vi) In areas where the tree tax system is in force, a fixed tax on every tree tapped for production of 'tari'.
- (vii) Fixed duties by weight on 'bhang' issued to licensed vendors from warehouses.
- (viii) On excise opium issued from a Government treasury, a fixed duty by weight collected before issue.
- (ix) On bhang exported from warehouse or places of collection in certain districts on pre - payment of a fixed duty weight or in certain cases after execution of bond for subsequent payment.

[Rule 37 of U. P. Excise Rules]

2.4 Definitions

1. **Absolute Alcohol :** Means alcohol of a strength containing not less than 99.5 per cent by volume of ethyl alcohol as measured at 60° F. For medicinal use, absolute alcohol conforms to the standards laid down in the approved pharmacopoeias.

Still includes any part of still and any apparatus whatever for distilling or manufacturing spirits.

2. **Ale :** This is a beer produced by top fermentation, i.e. by yeast floating on the surface of the wort rather than working at the bottom of the tank. It is usually of

higher alcoholic content, paler and more tart, possessing a higher hop concentration than beer.

Bhang means the dried leaves of hemp plant, whether male or female, and whether cultivated or uncultivated.

3. **Alcohol** : (a) In popular usage, alcohol means pure ethyl alcohol (C_2H_5OH) and includes all dilutions and mixtures of this substance (including liquors intended for potable use containing alcohol).

(b) Alcohol means ethyl alcohol of any strength and purity having the chemical composition C_2H_5OH
4. **Alcoholic litre** : Means a litre with reference to alcoholic contents of the spirit.
5. **Attenuation** : The attenuation of the wash is the number of degrees on the saccharometer by which the highest or initial gravity and the final or lowest one differ.
6. **Beer** : It includes ale, stout, wort and all other fermented liquors made from malt.
7. **Blending** : Means the mixing together of two or more liquors of different strengths or of different qualities.
8. **Bonded Manufactory** : Means the premises or any part of premises approved and licensed for the manufacture and storage of medicinal and toilet preparations containing alcohol, opium, Indian hemp and other narcotic drugs or narcotic on which duty has not been paid.

[Rule 95 of U.P. Excise Rules]
9. **Bub** : Means a composition, itself in a state of fermentation prepared for addition to wash or to promote fermentation.
10. **Bulk litre** : Means a litre with reference to the bulk or quantity of the contents.
11. **Country liquor means** :
 - (i) Plain or spiced spirit which has been made in India from materials recognised as bases for country spirit, namely mahua, rice, gur or molasses and on which duty has not been imposed at the rate fixed for import of spirit into India;
 - (ii) tari ; and

- (iii) all fermented alcoholic beverages made from mahua, rice millet or other grains according to Indian processes.
12. **Denatured Spirit** means spirit rendered unfit for human consumption, in such manner as may be prescribed by the State Government by notification in this behalf.
13. **Distiller** means a person who produces distilled spirits or who brews, makes mash, wort or wash, fit for distillation or production of spirits or who by any process of evaporation, separates spirit from any fermented substance, or who, making or keeping mash, wort or wash has also in his possession or use, a still suitable for production of spirits.
14. **Foreign Liquor** means :
- (i) beer and spirit, wines and liquors which have been imported into India and are intended for human consumption ;
 - (ii) spirits made in India and sophisticated or coloured, so as to resemble in flavour or colour, with liquor imported into India ;
 - (iii) beer brewed in India ;
 - (iv) wines and liquors made in India ; and
 - (v) all rectified, perfumed, medicated and denatured spirits, wherever made.
15. **Feints** means that portion of the distillate from the low wines which is considered unfit by reason of its impurities.
16. **Gauge** means to determine the quantity of liquid that is or can be contained in or taken from a receptacle .
17. **Hops** means ripe female flowers of the hop plant or its other parts, used in brewing for giving bitter taste to beer and for preserving and clarifying it.
18. **Low wine** means impure spirit produced from the first distillation of the wash in pot still.
19. **Manufactory** means the room or building specified in the licence for manufacture of excisable article.

20. **Malt** means the basic germinated grain used for brewing obtained as a result of diastatic fermentation or subjecting grain to the process of steeping and couching.
21. **Narcotic drugs or narcotics** means a substance other than alcohol which when swallowed or inhaled by, or injected into a human being induces drowsiness, sleep, stupefaction or insensibility. For purposes of Medicinal and Toilet preparations (Excise Duties) Act, 1955, it should also be dangerous drug within the meaning of Dangerous Drug Act, 1930.
22. **Obscuration** : The difference caused by the caramel in solution, between the true strength of spirit and that indicated by the hydrometer is termed as Obscuration.
23. **The Out-still system** : The out - still system applies to the supply of country spirit to inaccessible tracts where it is not feasible to maintain bonded warehouses and to introduce the contract supply system. Under this system, a licence to manufacture and to sell country spirit is granted on payment of a license fee, which is usually determined by auction.
24. **Pachwai** means fermented rice, millet or grain whether mixed with any liquid or not and includes any liquid obtained therefrom whether diluted or not.
25. **Plain spirit** means spirit to which not flavouring or colouring matter or other material or ingredient has been added.
26. **Proof with reference to spirit** means the strength or proof as ascertained by Sykes Hydrometer or by any other hydrometer or by means authorised by the Excise Commissioner.
27. **Ratent still** includes any part of a still and any apparatus for distilling or manufacturing spirit other than indigenous pot still.
28. **Pot still** : Still and any apparatus for distilling or manufacturing spirit through indigenous system, is known as pot still.
29. **Prove** : This means to test the strength of spirit by hydrometer or other instruments prescribed by the Excise Commissioner.
30. **Reduction of liquor** means the reduction of liquor from a higher to a lower strength, by addition of water.
31. **Receiver** means any vessel into which the wort of a still discharges.

32. **Rectified spirit** The spirit of strength of 50 fegrees or more over proof.
33. **Spirit-wash** means residue left after the wash has been exhausted of spirit.
34. **Spirit-less** means spirit of strength of 50 degrees or more over-proof.
35. **Spiced spirit** menas spirit redistilled after the addition of flavours and spices to plain spirit.
36. **Spohistication** means artificial preparation of foreign liquor by addition to spirit, of flavouring or colouring matters, or of both.
37. **Spirit** means any liquor containing alcohol obtained by distillation whether it is denetured or not.
38. **Toilet preparations** means any preparation which is intended for use over the human body, in form of perfuming apparel of any description or any substance intended to cleanse, improve or alter the complexion of the skin, hair, or teeth and includes deodorants and perfumes.
39. **Toddy (Tari)** means the fermented or unfermented juice drawn from coconut, palmyrah, date or any other kind of plam tree and includes sweet toddy, fresh toddy and fermented toddy.
40. **Vat** means a fixed vessel used for storage of spirits alcohol or liquor in a distillery warehouse or excise depot. It included tanks made of metals.
41. **Wash** means a saccharine solution from which spirit is obtained by distillation and also includes fermented wash or wort.
42. **Wash-back** means a vessel in which fermentation is carried out.
43. **Warehouse** (a) means the part of a distillery or any other building whether attached to it or not, in which spirit or any preparation containning spirit in a fit state for issue or for use in any manufacture, is stored under excise control.
- (b) also means secure place approved for the general service of the public for deposit of goods liable to customs and excise duty, without payment of such duty. It includes general warehouse, vaults, repacking warehouse and bottling warehouse.

44. **Worts** means the liquor obtained by the exhaustion of malt or grain or by the solution of saccharine matter the process of brewing.

Note :

Mechanism of gauging and proving : Vessels used receptacles for spirit are constructed of any material approved by the Excise Commissioner. Generally, however, receptacles are made of wood or steel. Proper arrangement is made for gauging to determine the quantity of liquid that is, or can be contained in or taken from a receptacle by means of a dipping rod, which is brought into use after it has been verified and approved by the Officer-in-charge. Gauge tables are prepared showing the number of bulk litres contained in each vessel when filled to every tenth of an inch. Gauge register of receivers and vats is compiled in Form PD - 6 from the figures obtained in the gauging of vessels. The rules provide that woden receptacle should be re-gauged every two years and a steel receptacle may be re-gauged as and when necessary. Since the levy of excise duty is dependent on the strength of spirit i.e. alcoholic content in the bulk, gauging and proving or spirit is essential at the time of production, receipt and issue thereof. The bulk contents are ascertained by dipping a rod with reference to gauge register. The strength or proof of the spirit is determined by measuring the indication of the spirit by a hydrometer and taking its temperature, and referring to a temperature indicating chart which gives the strength corresponding to any particular indication and temperature.

CHAPTER - 3

A - DISTILLATION

Apply and Distribution of molasses for distillation

3.1 The supply and distribution of molasses in Uttar Pradesh is governed by Uttar Pradesh Sheera Niyamtran Adhiniyam, 1964 and the Uttar Pradesh Sheera Niyamtran Niyamavali, 1974. The salient features of the Act and the Rules are given below.

3.2 Definitions

Allottee

Allottee means a person in whose favour an order has been made by the Controller of Molasses for purposes of purchase of molasses from the occupier of a sugar factory.

[Rule 2 of U.P.S.N. Rules, 1974]

Molasses

Molasses means the heavy dark coloured residual syrup drained away in the final stage of manufacture of gur or sugar, containing in solution or suspension, sugars, which can be fermented. It includes any product formed by the addition to such syrup of any ingredient which does not substantially alter the character of the syrup.

[Section 4 of U.P.S.N.A., 1964]

Molasses Year

Molasses year means the period beginning on the first day of November and ending on the thirty first day of October in the next following year.

Storage Tank

Storage Tank means covered accommodation provided for safe preservation of molasses, under Section 5 of the Act.

Brix

Brix is the density of solutions expressed on brix denstometric scale and is taken to represent the percentage of dissolved solid matter in it.

Preservation of Molasses

3.3 Every occupier of a sugar factory shall have such number and size of storage tanks within the premises of his factory, so as to store at any times at least fifty per cent of the total production of molasses, calculated at 4 per cent of the total cane that can be crushed in 140 working days, according to the full registered cane crushing capacity for the time being of the factory or fifty percent of the highest production of the last four years whichever is higher.

[Rule 3 of U.P.S.N. Rules, 1974]

3.4 Where on the ground of increased production of molasses, the Controller finds difficulty in the availability of transport facilities in any area or on any other ground to be recorded by him, he may direct the occupier of a sugar factory to provide additional storage tanks whether covered or uncovered to the extent indicated in the direction, and thereon the occupier shall provide such storage tanks within such period as may be specified in the direction.

3.5 Uncovered storage tank shall not be utilised for the storage of molasses without the prior sanction of the Controller.

3.6 All storage tanks shall be serially number by the occupier of the factory and the number allotted to each tank alongwith dimensions and storage capacity of each tank shall be displayed on a permanent fixture. The serial number once allotted shall not be altered without prior permission of the Controller.

The dimensions of all storage tanks provided by the occupier of a sugar factory shall be recorded in a register in form MF - 14 and gauge chart in respect of each storage tank shall be maintained in the register for showing at every 5 cm of depth of the tank, the contents of molasses in the tank in quintals. The gauging of the storage tanks should be done taking molasses in the tank in quintals. The gauging of the storage tanks should be done taking molasses of 45 percent sugar as standard.

[Rule 4 of U.P.S.N. Rules, 1974]

3.7 In case any change in the storage capacity of a storage tank is proposed, the occupier shall submit to the Controller, a blue print showing the exact location, the serial number, the dimensions, the type (steel masonry) and capacity at every 5 cm of depth of each storage tank and also showing the pipes and drainage lines connected with such tank.

In case any additional storage tank not shown in the blue print submitted, is

subsequently provided by the occupier of the sugar factory, a similar blue print thereof shall be submitted to the Controller within one month of its construction.

[Rule 5 of U.P.S.N. Rules, 1964]

3.8 The provisions of Rules 4 and 5 of Uttar Pradesh Sheera Niyantaran Rules, 1974 shall apply *mutatis mutandis* to owner of distilleries in Uttar Pradesh in respect of molasses supplied to them by the sugar factories for distillation purposes.

[Rule 6 of U.P.S.N. Rules, 1974]

3.9 If the Controller is of the opinion that any storage tank or any device of fixture thereof including wall, pipe line or drain, cannot adequately safeguard the safe preservation of quality and quantity of molasses produced in the sugar factory, he may by order in writing, direct the occupier of the factory to take necessary measures including removal of wall, pipeline or drain to secure safe preservation of the molasses and the occupier shall comply with such directions within the time specified therein.

[Rule 7 of U.P.S.N. Rules, 1974]

3.10 The controller may specify the order in which storage tanks in a factory shall be filled or emptied and such direction shall be binding on the occupier of the sugar factory.

[Rule 8 of U.P.S.N. Rules, 1974]

3.11 Storage, Transfer and Disposal of Molasses

- (i) No molasses produced or stored in a factory in a particular molasses year, shall be mixed with any molasses of the previous molasses year, without prior premission of the Controller in writing.
- (ii) No molasses shall be stored in a factory until it has been weighed or measured
- (iii) Occupier of a sugar factory shall take adequate safeguards to see that the wastage in the storage of molasses in a year does not exceed two percent of the total quantity stored. In case the wastage exceeds two per cent, the occupier shall be liable to penalties imposed under the Act for contravention of the Rule.

Provided that, if it is proved to the satisfaction of the Controller that the wastage or deficiency in excess of the limit prescribed above has been caused by accident or any other unavoidable cause, the occupier shall not be liable to any penalty.

Note : The provision at (ii) and (iii) above shall also apply to storage of molasses in distilleries.

3.12 The occupier of a sugar factory shall maintain dip rods for measuring the depths of molasses in storage tanks and a sampling apparatus for taking out samples of molasses at different depths of the tanks and also a testing apparatus and reagents as particulars specified in the Appendix of the Rules and shall produce the same demand by any officer of the Excise and Revenue Department of and above the Ranks of a Sub-Inspector of Excise and Tehsildar, respectively and shall allow them to use the same.

Test of Samples

3.13 The occupier of a sugar factory shall, during a molasses year, get samples of molasses produced at the factory tested every day, for brix and total sugar contents and shall also record the result in relevant columns of the register in Form MF - 5 every day.

[Rule 10 of U.P.S.N. Rules, 1974]

3.14 During the period between November to May of each molasses year, the occupier of a sugar factory shall on the first and sixteenth of each month and during the period from June to October of each molasses year on 1st, 8th, 16th and 23rd of each month, get top, middle and bottom layer samples of molasses drawn from each storage tank and tested for brix and sugar contents and record the results in relevant columns of Form MF - 7. A true copy of the relevant extract from the register shall be sent to the Controller on the same day on which the sample is got tested. In case a Sub-Inspector of Excise is posted at a sugar factory, the samples shall be taken and got tested in his presence.

The occupier of a sugar factory shall immediately inform the Controller by telegram, if there is any sudden deterioration in the quality of molasses stored in any tank.

[Rule 11 of U. P. S. N. Rules 1974]

3.15 Preservation against adulteration of molasses : No occupier of a sugar factory shall adulterate or allow to be adulterated, any molasses produced or held in stock by him. The presence of any molasses having less than 40 percent sugar contents

(expressed as total reducing sugar determined by the lane and Egnon's volumetric method) in any storage of a sugar factory, shall be sufficient to raise a presumption that the occupier of the factory has adulterated the molasses or allowed it to be adulterated.

[Rule of 6 U. P. S. N. Rules, 1964]

3.16 Supply and Distribution : The controller of molasses may by order required the occupier of any sugar factory to sell and supply in the prescribed manner, such quantity of molasses to such person, as may be specified in the order, and the occupier shall comply with the order.

The order shall require the supply to be made only to a person who requires it for his distillery or for any purpose of industrial development. It may be for the entire quantity of molasses in stock to be produced during the year or for any portion thereof, but the proportion of molasses to be supplied from each sugar factory to its estimated total produce of molasses during the year shall be the same throughout the state except where in the opinion of the Controller of molasses, a variation is necessitated by any of the following factors :

- (i) The requirements of distilleries within the area in which molasses may be transported from the sugar factory at a reasonable cost.
- (ii) The requirements for other purposes of industrial development within such area.
- (iii) The availability of transport facilities in the area.

The Controller of molasses may make such modification in the order as may be necessary to correct any error or omission or to meet subsequent change in any of the aforesaid factors.

[Section 8 of U. P. S. N. 1964]

3.17 Any person aggrieved by an order of the Controller of molasses may, within thirty days of the date on which the order is communicated to him, appeal to the State Government in the prescribed manner and the State Government may pass thereon such order as it deems fit, which shall be final.

[Section 9 of U. P. S. N. A, 1964]

3.18 The occupier of every sugar factory shall submit to the Controller by 31st August of each molasses year, a statement in form MF - 9 specifying an approximate

estimate of the quantity of molasses to be produced in the sugar factory during the molasses year following, along with such other information as is required under that form.

[Section 12 of U. P. S. N. Rules, 1974]

3.19 Every distillery in U.P. shall by 31st August of each molasses year, submit to the Controller a statement in form MF - 8 specifying its estimated requirement of molasses for the purpose of distillation during the molasses year following, along with other information as may be required.

[Rule 13 (i) U. P. S. N. Rules, 1974]

3.20 A consolidated statement of the estimated availability of molasses and the estimated requirement of molasses will be drawn up and the Controller having regard to this statement, makes order regarding the sale and supply of molasses.

[Rule 14 of U. P. S. N. Rules, 1974]

3.21 The Controller of molasses may draw up a quarterly programme of movement of molasses from each factory having regard to the periodic production capacity of each sugar factory and the periodic requirements of the allottee.

[Rule 15 of U. P. S. N. Rules, 1974]

❖ **3.22** The molasses supplied to an allottee shall not be transferred to any other person or used for a purpose other than that for which it has been allotted except with the prior premission of the Controller.

[Rule 21 of U. P. S. N. Rules, 1974]

3.23 All molasses produced in a sugar factory shall be deemed to have been reserved for supply to the distilleries or for purposes of industrial development and no stock of molasses produced in a sugar factory shall be sold or otherwise disposed off by the occupier of any sugar factory, except with an order in writing from the Controller. The Controller shall release any stock of molasses in favour of occupier of a sugar factory not required for distilleries or for industrial development.

[Rules 22 of U. P. S. N. Rules, 1974]

3.24 The State Government may levy administrative charges exclusive of the price payable to a sugar factory on the molasses released for sale by the Controller, towards meeting the cost of establishment for supervision or control over molasses at such

rate or rates as may be notified from time to time. Every occupier of a sugar factory shall deposit the amount of administrative charges payable on molasses released for sale and produce the treasury challan as evidence of such payment to the excise officer in charge of the sugar factory, before making actual delivery of the released molasses to the purchaser.

[Rule 23 of U. P. S. N. Rule, 1974]

3.25 No person shall purchase any molasses from any sugar factory, or transport or possess any molasses purchased from such sugar factory, unless the said molasses have been released by order of the Controller, and declaration to that effect in Form MF - 13 has been obtained from the occupier of the sugar factory concerned. The declaration shall be prepared in carbon in pentuplicate, the original being given to the purchaser, duplicate being sent immediately by registered post to the Controller, triplicate being sent immediately by registered post or delivered personally to the Excise Inspector of the circle, quadruplicate being handed over to the Sub-Inspector of Excise posted at the sugar factory, before the removal of unrequired molasses from the premises of the factory.

[Rule 24 of U. P. S. N. Rule, 1974]

3.26 (a) Removal of Molasses from sugar factory : No molasses shall be removed from the premises of a sugar factory until it has been weighed or measured and a pass in Form MF-4 has been issued. This pass shall be issued in pentuplicate by the occupier of the factory or by an officer authorised by the Controller in this behalf. One copy of the pass shall remain with the occupier of the sugar factory, one copy shall be handed to the Sub-Inspector of Excise posted at the Sugar Factory before the removal of the molasses from the premises of the sugar factory, one copy shall be sent to the Controller and one shall be sent to the Excise Inspector of the circle in which the sugar factory is situated.

(b) Verification of the receipt of consignment : On receipt of the consignment, the consignee shall verify the quantities of molasses received and note these on the back of the pass and return it to the occupier of sugar factory concerned. The consignee shall take adequate safeguard to see that the wastage or deficiency in transit does not exceed one percent. In case the wastage or deficiency exceeds one percent the consignor shall be liable to punishment imposed under the Act for contravention of the Rule.

Provided that if it is proved to the satisfaction of the Controller that wastage or deficiency in excess of the prescribed limit has been caused by accident or any other unavoidable cause, the consignor shall not be liable to punishment.

[Rule 25 of U. P. S. N. Rules, 1974]

3.27 Analysis and Test of Samples

No distillery, in whose favour allotment of molasses has been made, shall unload or utilise any part of any consignment of molasses received at the distillery, without prior written permission of the officer-in-charge of the distillery. The distillery shall also maintain an account of receipt of molasses from the sugar factories in Form MF - 11 and submit a true copy thereof to the Controller on 5th of each month following.

[Rule 26 of U. P. S. N. Rules, 1974]

3.28 The officer-in charge or any other officer authorised, shall determine the quantity and the quality of the molasses immediately on receipt of each consignment and record the result of the verification and test done by him on the reverse of the gate pass in Form 4 received in duplicate from the occupier of the sugar factory along with the consignment. One copy of the gate pass shall be retained by the distillery and the other copy thereof shall be sent to the occupier of the sugar factory by the Officer-in-charge, so as to reach the latter within one week of the arrival of the consignment at the gate of the distillery.

[Rule 27 of U. P. S. N. Rules, 1974]

3.29 The Controller may specify the order in which storage tanks in a distillery shall be filled or emptied and such direction shall be binding on the distillery.

[Rule 8 read with Rule 28 of U. P. S. N. Rules, 1974]

3.30 Whenever samples are taken by any officer authorised in this behalf, he will leave a sample in duplicate stamped with his seal, with the occupier of the sugar factory or the distillery concerned and they shall be responsible for the safe custody of the same, till such time it is ordered to be destroyed by the said officer. In case of a dispute relating to grade of molasses, the matter shall be referred to the Alcohol Technologist in accordance with the following procedure and payment of price shall be made according to the grade declared by the Alcohol Technologist, Harcourt Butler Technology Institute, Kanpur.

3.31 If the occupier of the sugar factory or distillery disputes the finding of the Excise Inspector on the grade, the occupier of the factory or the distiller may, within fourteen days of the date of such test, require the Excise Inspector in writing to send one of the samples of molasses to Harcourt Butler Technology Institute, Kanpur provided that the occupier of the sugar factory or the distillery, shall bear the cost of

such test of samples.

Provided that, if the grade declared by the Excise Inspector is found to be correct by Alcohol Technologist, the distillery or the sugar factory which moved for the test shall be liable for the cost of analysis and shall reimburse the same.

Yield of Spirit from Molasses

3.32 Yield of spirit from molasses : The rate of production of spirit from molasses varies with the percentage of sugar content in the molasses consumed in a distillery. One quintal of fermentable sugar gives a minimum out turn of 52.5 A.L. spirit.

Fortnightly and Monthly Statements

3.33 Account of molasses : The occupier of every sugar factory shall maintain an accurate daily account of the molasses produced, stored, issued, sold or wasted in a register in form MF - 5 and submit fortnightly and monthly statements, pertaining to current season molasses and also previous season molasses, respectively in form MF- 1 and MF- 2. The occupier of the sugar factory shall work out the totals in all the columns of the register in Form MF - 5 fortnightly on the 15th and the last working day of each month and an extract thereof shall be submitted to the Controller on the first and sixteenth of the month in the prescribed forms MF- 1 and MF- 2.

[Rule 32 of U. P. S. N. Rules, 1974]

Record of molasses

3.34 The distilleries shall maintain a record of all molasses received, utilised for distillation and the balance in the register in form MF - 6, Part - I and II and shall submit to the Controller, a true monthly abstract of the receipt, utilization and balance at the distillery each month in form MF - 10, on the 5th of each month following .

In the case of allottees other than the distillery (except out-still), the account of molasses shall be kept in a register in Form MF - 6, Part - III and allottees shall submit a correct monthly abstract of the same to the Excise Inspector of the circle in which the industrial unit lies.

Out-still licencees shall maintain accounts of molasses in form MF - 6, Part III and shall submit a correct monthly abstract of the same to the Excise Inspector of the circle in which the shop lies.

[Rule 33 of U. P. S. N. Rules, 1974]

Record

3.35 Miscellaneous : Every occupier of a sugar factory shall maintain such registers, records and accounts in such manner and for such periods as prescribed in Appendix - III of this manual.

[Rule 34 of U. P. S. N. Rules, 1974]

Inspecting Officer

3.36 Revenue officer of and above and the rank of Tehsildar and Excise Officer of and above the rank of Sub-Inspector of Excise shall have the power to inspect molasses storage tanks and accounts of sugar factories and all other allottees of molasses that lie within their jurisdiction.

Inspection Book

3.37 All occupiers of sugar factories and allottees shall maintain an Inspection Books in form MF - 12, for inspecting officer to record their inspection notes therein and also submit one copy of every inspection note, direct to the Controller and one copy to the Deputy / Assistant Excise Commissioner of the charge in which the factory is situated.

[Rule 35 of U. P. S. N. Rules, 1974]

Disposal of molasses and articles forfeited

3.38 Disposal of molasses or articles or both forfeited, shall be deferred until the expiration of the period of appeal against the order of forfeiture, or if any appeal has been made against such order, till the appeal is disposed of.

[Rule 37 of U. P. S. N. Rules, 1974]

Manner of Disposal

3.39 All molasses forfeited or liable to forfeiture but not released by the Controller in favour of the accused or offered by the Controller to the accused on payment of value, but not accepted by the accused, shall be disposed of as under :

All forfeited molasses of one hundred quintals or less shall be sold by public auction by an order of the Collector and in case exceeding that, the Collector will make a reference to the Controller and molasses will be disposed off under his order, in a

manner so as to secure its utilization to the best advantage.

[Rule 38 of U. P. S. N. Rules, 1974]

Head of Account

3.40 Any sum of money received by the Controller under Section 16 of Uttar Pradesh Sheera Niyantaran Adhiniyam, 1964, shall be credited to Government under the Head "039 - State Excise - Other Receipts".

Appeal against the order of the Controller

3.41 Appeal : Any person aggrieved by an order of the Controller under sub-section (1) or sub-section (3) of Section 8 of Uttar Pradesh Sheera Niyantaran Adhiniyam 1964, may file an appeal to the State Government, within thirty days of the order in question.

[Rule 40 of U. P. S. N. Rules, 1974]

Loss of Molasses

3.42 Loss of molasses : The Uttar Pradesh Sheera Niyantaran Adhiniyam, 1964 and the rules made thereunder do not provide for allowance of any wastage of molasses in transit which actually occur as noticed during the course of audit of accounts of molasses maintained in the distilleries. The quantity of actual receipt of molasses by distilleries falls considerably short of the quantity actually despatched by the sugar-producing unit. Besides, there are no provisions in the Uttar Pradesh Sheera Niyantaran Adhiniyam, 1964 and the Rules made thereunder, to control the distribution of molasses produced by the khandsari units working on the open pan system. Molasses could, thus find its way to illicit distillers from Khandsari units.

3.43 Record and Returns : The record and returns which every occupier of a sugar factory, shall maintain are contained in Appendix - III of this Manual.

3.44 Audit checks (Molasses) : In the audit of accounts of molasses in a distillery, the following audit checks should be exercised :

- (i) It should be seen in audit that all storage tanks have been serially numbered by the distiller and the number allotted to each tank along with dimensions and storage capacity of each tank have been displayed and recorded in a register to be maintained for this purpose. The serial number once allotted will not be altered, except with the prior approval of the Controller of molasses.

- (ii) It should be checked that a gauge chart in respect of each storage tank has been maintained in the register, showing at every 5 cm of depth of the tank, the contents of molasses in the tank in quintals.
- (iii) It is to be verified that any change in the capacity of a storage tank and provision for additional storage tank subsequently, have been done with the approval of the Controller of molasses.
- (iv) Whether the distillery has submitted a statement in form MF - 8 to the Controller of molasses specifying its estimated requirement of molasses for the purpose of distillation during the next following molasses year, should be seen.
- (v) The requirement of molasses of the distillery in form MF - 8 (Indent) should be correlated with the allotment made by the Controller of molasses and account of receipt of molasses in form MF - 11, with a view to seeing that the quantity allotted has been received in full by the distillery and that there is no pilferage.
- (vi) In case of dispatches of molasses by rail, the responsibility for loss of molasses prior to actual delivery at the distillery occurring from any cause, shall vest in occupier of the sugar factory concerned and not on the distillery, whereas in the case of road transport with gate pass in form MF - 4, the allottee shall be responsible for the loss in transit if any. This point should be kept in mind while calculating duty leviable on transit losses, if any.
- (vii) It should be checked that no molasses supplied to an allottee have been used for a purpose other than that for which it was allotted or that no molasses were transferred to any other person without the prior permission of the Controller of molasses.
- (viii) The correctness of the records of all molasses received, utilised for distillation and the balance in the register in form MF - 6, Part - I and II, should be checked.
- (ix) Disposal of molasses or articles forfeited under the Excise Act or Rules should be checked, to see if such disposal is in accordance with the Rules. Any sum of money received on this account is creditable to the head "*039-State Excise-Other Receipts*".

B - DISTILLERIES

General

Definitions

3.45 "Distillery" means the manufactory where spirit are distilled, compounded, blended processed fortified and / or diluted to produce wines or Indian liquor, other than arrack beer or toddy, and includes an operation for bottling of such liquor.

3.46 Distillation : Separation of the constituents of a liquid mixture by partial vaporisation of the mixture and separate recovery of the vapour and residue is known as distillation. The more volatile constituents of the original mixture are obtained in increasing concentration in the vapour, the less volatile remaining in greater concentration in the residue. The apparatus or equipment in which this process is carried on is called a 'still'. The essential parts of a still are (1) the kettle in which vaporization is effected (2) the connecting tube or column conveying the vapour and (3) the condenser in which vapour is liquified. Modification involving the addition of other parts to the still, are introduced for various purposes, such as, the conservation of heat and to effect rectification. The fact that it is difficult to secure alcohol concentration in excess of 12-14 per cent by fermentation alone necessitates the application of a process of distillation for production of stronger liquors.

3.47 Fermentation : Fermentation is an obscure and seemingly spontaneous change or decomposition which takes place in most vegetable and animal substances when exposed at ordinary temperatures to air and moisture. While the term 'fermentation' when broadly used covers decay and purification also, it has used in the Manual in the restricted sense for the process of producing alcohol and alcoholic liquors from sacchariferous mashes.

Distillery Licence

3.48 Distillery licences : A licence to work a distillery in premises owned by the Government is granted in form PD - 1 and a licence to work a distillery in a private premises is granted in form PD - 2. No licence in form PD- 1 or PD- 2 is granted until the applicant has deposited a security money of Rupees Five lakh in cash and Rs. 15 lakh fixed deposit receipt pledged in the name of Excise Commissioner (Rs. 1,00,000 prior to 23-1-2004) in form of Government promissory Notes or other Government Securities, for fulfilment of the condition of his licence and for the payment of all sums which may become due to government by way of duty, rents penalties etc. The licensee is also required to deposit the following licence fee in advance for the year or part thereof for which the licence is granted.

Licence Fee

No licence in form PD- 1 or PD- 2 is granted until the applicant has deposited a security of Rupees Five lakh in cash and 15 lakh fixed deposit receipt pledged in the name of Excise Commissioner (Rs. One lakh prior to 23-1-2004) Further, a licence fee at the rate of Rs. 25 per kilo litre of installed production capacity in advance for the year or part thereof, for which the licence is to be granted (prior to 23-1-2004 Rs. 15 per kilo litre) is also to be paid.

Renewal of Licence

Application for the renewal of licence for the following excise year shall be made to the Excise Commissioner through Collector on or before 28th February each year.

Losses in Distillery

3.49 Distillers responsible for loss etc, of spirits in distilleries : Distillers are responsible for the safe custody of stock of spirit in their distilleries and are liable to make good any loss of revenue caused to Government by their negligence (Para 709 of U. P. Excise Manual Volume - I).

Excise Inspector of distillery

Control of Distilleries :

3.50 The Excise Commissioner appoints such officers of the Excise Department, as he may consider necessary to be in the charge of distilleries. Usually an Excise Inspector who works under the supervision of an Assistant Excise Commissioner in whose range the distillery is situated.

Control over manufacturing process of spirit

3.51 Manufacture of spirit : Wash is conveyed from the wash backs to the stills in closed pipes. When wash is to be prepared, the distiller is required to give notice to the officer-in-charge and as soon as the wash is ready for gauging/proving, submits to him a declaration in writing on the prescribed form (PD - 8) specifying the kind and quantity of materials used, the number of gallons of wash made, and its initial specific gravity corrected for temperature. The officer-in-charge, on receipt of the distiller's declaration, proceeds to verify the same and enters the result in his diary. As soon as the wash is full attenuated and ready for distillation, the distiller again informs the officer-in-charge, who by gauging and use of the Saccharometer and the alcoholmeter

ascertains the quantity and specific gravity of the attenuated wash and records the particulars in his diary (Paras 755, 756 and 757 of Excise Manual Volume - I).

3.52 The spirit whether finished or unfinished produced by any one distillation, is run into empty receivers and such spirit is gauged and proved by officer-in-charge of the receivers of the still in which it is produced, before it is passed out of such receiver or mixed with spirit produced by the other distillation.

Outturn of Spirit

3.53 With a view to seeing that the spirit outturn is commensurate with the wash sent in for distillation and that the wash is thoroughly exhausted of spirit, the results of each single distillation is required to be gauged and proved immediately after it is completed. The object is to see whether the working of the still is efficient in as much as the spirit outturn is not below the minimum yield as prescribed in Para 822 of Excise Manual, Volume - I. The outturn should never be below the minimum prescribed yield and any great Variation has to be explained by the distillers.

Kinds of Excise Receipts

3.54 State Excise Receipts and records maintained in the distillery, Audit Checks thereof

In the distillery, the following State Excise receipts are mainly realised :

- (a) Still head duty on rectified spirit / India made foreign liquor.
- (b) Administrative levy ♣ on issue of denatured spirit.
- (c) Vend fee * on issue of denatured spirit.
- (d) Concessional duty on issue of rum manufactured under bond for supply to Defence personnel.
- (e) Duty on issue of rectified spirit to non - bonded pharmacies (L-II licencees) and other agencies.

♣ Excise duty is not leviable on industrial alcohol as it is not fit for human consumption, but in order to meet the administrative costs involved in posting the Excise Staff to control the production, storage and issue of the alcohol, a nominal charge of Rs. 7.50 per kilolitre is realised. This charge is Known as "administrative levy".

* From 25-10-1989 no vend fee is recoverable (Supreme Court Judgement dated 25-10-1989)

- (f) Export duty on issues of country spirit, rectified spirit, India made foreign liquor, meant for consumption outside the State of Uttar Pradesh.
- (g) Export pass fee on export of denatured spirit.

Audit checks on Receipts

3.55 It has to be checked in audit that duty / export pass fee / vend fee / administrative levy etc., on the above issues are being levied and realised at the correct rates force from time to times. Some of these levies are realised in cash by means of treasury challans while other levies are realised from the Advance Deposit Account (PD - 22) of the distillers. It has to be ensured that the amount has either been deposited in cash through challans or actually deducted from the Running Deposit Account of the distillers.

Audit checks on Records

3.56 Records maintained in the distillery and audit checks thereon

- (i) The terms and conditions of licence granted should be seen generally to find out whether they were adhered to by the distiller.
- (ii) In the Advance Deposit Account (PD - 22) the advances are realised thorough deposits in the State Bank of India / Treasury and credited to the accounts of distillers. As and when duty / export pass fee etc. levied, the amount is deducted from the standing advance and the balance is struck. The challans in token of having made the deposit have to be checked. The correctness of deposit also needs to be checked up with G - 6 Register, maintained in the District Excise Office.
- (iii) It has to be seen whether the spirit outturn is commensurate with the raw materials used (viz. wash sent in for distillation) as per the provisions of Para 822 of Excise Manual, Volume - I. For this PD - 8 (Declaration of Wash) and PD - 9 (Register of spirit out - turn) have to be scrutinised. It has also to be checked whether all the production has been taken to the Ledger Account of spirits maintained in PD - 12.

3.57 Sometimes, spirits are received from other distilleries and these receipts are entered in BWL - 1 register of receipts of spirit. It has to be seen whether receipts of spirits are also taken into stock in PD - 12 (Ledger of Spirit) and verified passes in Forms PD - 25 and PD - 26 have been duly returned to the distilleries from where these spirits have been received.

3.58 All issues of spirit from a distillery are entered initially in PD- 11 Register of issues of spirit. These issues are made under a pass at the written request of the distiller. So PD - 11 register needs a very close audit scrutiny. All these issues are then consolidated and posted in the Ledger Account of spirit in PD - 12 and the stock of spirit in the spirit warehouse is then worked out in this register. At the end of the month, the physical balance in stock is taken and recorded in BWL - 5 Register and the monthly wastage of spirit in the warehouse is then worked out by comparing this with the book balance as per PD- 12 Register.

Wastage Allowance

3.59 Wastage Allowance : The storage cum issue wastage allowed for different kinds of spirits stored in and issued from a distillery, laid down in para 813 of Excise Manual, Volume - I, is as follows

Sl. No.	Category of Spirit	Percent
1.	Plain and rectified spirit	0.7
2.	Sophisticated spirit	0.4
3.	Denatured spirit	0.5

3.60 If the total wastage on any kind of spirit does not exceed 1.5 %, duty will be charged on the net wastage in excess of the free allowance. But if the total wastage exceeds 1.5 %, duty shall be charged on the whole wastage (without allowing for free allowance). For charging of duty to be charged are as follows :

- (a) **Plain and rectified spirits :** At the highest rate of duty leviable on Country spirit in Uttar Pradesh.
- (b) **Sophisticated spirits :** At the rate of duty leviable on that spirit.
- (c) **Denatured spirit :** A penalty at the rate of vend fee per bulk litre leviable on this spirit (Para 813 of Excise Manual, Volume - I).

Excess Wastage

3.61 For charging duty on excess wastage, if any, the officer-in-charge of the distillery prepares excess wastage statement and after obtaining the explanation of the distiller, submits the same to the Excise Commissioner, through the Assistant Excise Commissioner for orders. In audit, it has to be seen that whenever there is excess wastage, excess wastage statement have been prepared and sent to the Excise Commissioner and duty realised from the distillers on receipt of orders from the Excise Commissioner.

Supply on Passes

3.62 A distillery may supply spirit to another distillery either located in U. P. or outside, under the orders of the Excise Commissioner. Whenever a distillery in U. P. supplies spirit to another distillery in U. P. or outside, the issuing distillery prepares passes in Form PD - 25 and PD - 26 and the receiving distillery after the receipt of spirit at their end, returns these passes to the issuing distillery, duly verified. On the basis of these verified passes, the actual transit wastage is worked out and if it is above the maximum permissible limit as prescribed in Para 814 of the Excise Manual, Volume - I, the distillery of issue is required to pay duty on this excess wastage, under the orders of the Excise Commissioner. For this purpose, the officer-in-charge of the distillery of issue prepares excess wastage statements for submission to the Excise Commissioner. In case of excess transit wastage to spirit issued from the distillery to a bonded warehouse, the Excise Inspector in-charge of the bonded warehouse would prepare the excess wastage statement and submit the same to the Excise Commissioner, for orders. The duty on such wastage is however, realised from the supplier from the cost, price of spirit due to the later.

Allowance for loss in transit

3.63 *Allowance for loss in transit* : An allowance up to 0.5 percent is made for the actual loss in transit by leakage, evaporation or other unavoidable cause, of spirit transported or exported under the bond in wooden casks or metal. Duty on wastage in excess of free allowance is chargeable. No free allowance is permissible for loss on transit of spirit transported within the State in sealed bottles and pouches. Duty is chargeable on any wastage on such consignments.

Re-distillation wastage

3.64 *Re-distillation wastage* : Apart from simple rectification of weaker spirit produced in a pot still, redistillation of spirit may become necessary. The wastage allowed on redistillation are as follows :

- (a) If the re-distillation is on account of the manufactured spirit not conforming to the prescribed specifications, whether due to the negligence and inefficiency of the distiller or due to bad and defective storage conditions resulting in discoloration of spirit, fall in strength or other defects, the actual wastage allowed in redistillation is up to 1.5% in case of patent stills and up to 2% in case of pot stills.
- (b) If the redistillation is for the purpose of manufacturing fruit spiced or

'silent' spirits required for Indian made foreign liquor, the actual wastage on this account is allowable up to a maximum of 2 percent in patent stills and 2.5 per cent in pot stills. The duty at the prescribed rates is chargeable on wastage in excess of the prescribed limits.

[Para 760 of Excise Manual, Volume - I]

Denatured Spirit Ledger

3.65 Ledger of Denatured Spirit (PD - 12)

- (i) This is an account of denatured spirit, whatever spirit is taken from the spirit store for the manufacture of denatured spirit is shown as receipt in this register and after adding of denaturants, the stock of the finished product (i.e. denatured spirit) is shown here. All issue of denatured spirit and the closing balance are also shown in this ledger. In the audit of this ledger, it has to be seen that all the spirit taken for manufacturing denatured spirit is taken as receipt here and the issues of denatured spirit and the closing balance have been correctly shown. In case of the storage wastage (which is calculated at the end of every month) exceeding the prescribed limit (Para 813 of the Excise Manual, Volume - I), it has to be ensured that excess wastage statement has been sent to the Excise Commissioner for orders.
- (ii) Denatured spirit is issued to :
 - (a) Licensed wholesale vendors of denatured spirit in the State on payment of the prescribed vend fee, provided that issue do not exceed the quantity, if any specified in the licence.
 - (b) Person or institutions allowed by the Excise Commissioner to possess and use denatured spirit for special purposes on payment of the prescribed vend fee.
 - (c) Hospitals, dispensaries, charitable and educational institutions and other State Government departments are exempt from vend fee up to a quantity allowed by the Excise Commissioner, provided that the indent is countersigned by the Collector.

Audit is to check whether the prescribed vend fee is realised before issue of denatured spirit is made and, in case of duty-free supply to the charitable and educational institutions, it is restricted to the

quantity authorised and educational institutions, it is restricted to the quantity authorised for issued by the Excise Commissioner

(d) Administration charges on issue of special denatured spirit.

3.66 Special denatured spirit is issued from the distilleries for industrial purposes on payment of administrative charges at the rate of Rs. 7.50 per Kilolitre.

3.67 **Ledger of sophisticates spirit (PD - 14) :** The account of sophisticate spirit manufactured under bond is maintained in the register PD - 14. Issues of rectified spirit from spirit stores for sophistication is shown as receipt in this register. After adding of caramel, water, flavouring agents, etc., apparent loss of spirit due to obscuration is shown as an issue and the duty on obscuration @ Rs. 40 per alcoholic litre is chargeable from the distillers.

After the spirit is sophisticated in the distillery, it is transferred to the Foreign Liquor bottling section through pipelines for bottling. The spirit so transferred is shown as issue in the ledger of sophisticated spirit. At the close of the month, the book balance of sophisticated spirit is worked out. The physical balance is also taken and then the storage wastage is calculated. If the wastage is within the permissible limits, no action is called for. If however, it exceeds the permissible limit, excess wastage statement is prepared by the officer-in-charge and sent to the Excise Commissioner for orders.

Audit checks on sophisticated spirit

3.68 In audit, the quantity accounts of sophisticated spirit need to be checked with reference to this ledger and PD- 12 (Ledger of plain spirit). It has also to be checked whether excess wastage statements were sent to the Excise Commissioner, wherever necessary.

Stock Book

3.69 **Stock Book (BWL - 5) :** On the last working day of every calendar months after all issues for that day are made, the officer-in-charge is required to gauge and prove the spirit in the warehouse, denaturing room and sophisticated spirit warehouse, in order to verify the stock and to ascertain the wastages on each class of spirit. The particulars of stock taking are recorded in this register. In audit, it has to be seen that closing stock of each kind of spirit is correctly worked out and the actual balance is correctly taken in register PD - 12, PD- 13 and PD- 14.

Bond Register

3.70 *Register of bonds (PD- 17)* : A register of bonds is maintained in Form PD- 17 and every issue under bond without pre-payment of duty is entered in this register. On receipt of information that the consignment has arrived, column 6 of this register is filled in and the bond, so far as that consignment is concerned, is discharged. In audit, it is to be seen that the issues are restricted to the quantity covered by bond.

Dip Book

3.71 *Dip books (BWL - 4)* : Particulars of all gauges and proofs taken in connection with all transactions in receivers and vats is recorded in the dip book. Separate pages are allotted to each receiver or vat. The officer-in-charge is to gauge and prove the spirit in every receiver or vat before and after every transaction and these are to be recorded in the dip book (BWL - 4). The dip books need close scrutiny in audit, as these form the basis of all quantitative accounts within the distillery.

Pipeline Wastages

3.72 *Wastage of spirit transferred through pipe lines* : In the audit of distilleries, it has been noticed that generally the quantity of spirit actually received in the bottling section through pipelines is short of the quantity transferred from the blending section of the distillery. Duty on wastage of spirit transferred from one section to another through pipeline within the distillery premises is chargeable from the distillers, as rules do not provide for any free allowance in this regard and such cases need to be scrutinised closely.

Bottling and Storage Wastage

3.73 *Storage wastage on bottled stock of spirit* : Under the U. P. Bottling of Foreign Liquor Rules, 1969 an allowance up to 0.8 percent is made on the total quantity of spirit stored during a month for actual loss in bottling and storage and duty is chargeable on wastage in excess of 0.8 percent. In the audit of distilleries, it has been noticed that the bottling and storage wastage occurring during a particular month was worked out on the basis of total stock of spirit both in vats and in bottles. As there is hardly any occasion for wastage of spirit out of the bottled stock, if such is taken into account while calculating the percentage of storage and bottling wastage, the point has to be commented on in audit.

Exports

3.74 Export of spirit out of India : The Excise Commissioner makes and advances assessment of the production of spirit in the distilleries of Uttar Pradesh during any particular year. The spirit remaining surplus after meeting the requirements of the state is allotted for export out of India. For exporting spirit out of India, the exporter is required to execute a special indemnity bond. The duty involved on the quantity of spirit issued for export from a distillery is debited to the bond account of the distiller. On receipt of proof of export viz. Certificate of actual export from the Customs authorities within the period specified in the bond, the bond of the exporter is discharged to the extent covered by such certificate. If the certificate of export is not received within the time mentioned in the bond or pass, or if not received at all, it appears that any of the conditions of the bond has been infringed, In such cases, the Collector of the exporting district or the Excise Inspector who granted the pass is required to take necessary steps to recover from the executant or his surety, the penalty as due under the conditions of the bond.

Audit Checks

3.75 In audit, is to be checked that duty involved in the issues is debited to the bond account forthwith and the bond is not discharged till the receipt of Customs certificate. It is also to be checked that if certificate of export is not received within the prescribed time or any of the conditions of bonds has been infringed, steps to recover the duty and penalty, if any have been taken.

**C- RULES REGARDING BOTTLING OF INDIAN MADE FOREIGN LIQUOR
(IMFL), ISSUES OF FOREIGN LIQUOR WITHIN U. P. AND EXPORT
THERE OF**

Btting of IMFL

3.76 Bottling of Indian made foreign liquor : The Uttar Pradesh Bottling of Foreign liquor Rules, 1969, lays down the Rules regarding of Indian made foreign liquor (IMFL) in U. P. The bottling of foreign liquor is done under a bottling licence in form FL - 3 which is granted to :

- (i) a distiller to bottle spirit ;
- (ii) a vintner to bottle wines by the collector with the previous sanction of the Excise Commissioner. Subject to a minimum of Rupees Two Lakh, the license fee in a case of distiller or vintner shall be levied on spirit or wine at the following rates for the excise year or part thereof :

Exiting Rule

Rules as hereby substituted

- (ii) Subject to a minimum of Rupees One Lakh.
- (ii) Subject to a minimum of Rupees Two Lakh

From 1-4-2003 (Bottling fees of spirit or wine

The following table may be inserted

Sl No.	Bottles of	For FL - 3 Rs per bottles	For FL - 3 A Rs per bottle
(I)	1000 ml	1.30	1.70
(II)	700 and 750 ml	1.00	1.35
(III)	500 ml	0.70	1.00
(IV)	375 ml	0.60	0.80
(V)	180 ml	0.40	0.50
(VI)	100 ml	0.25	0.30
(VII)	90 ml	0.25	0.30
(VIII)	60 ml	0.15	0.20

(ii) **Low alcoholic beverage**

Capacity (in ml)	For FL - 3 Rs per bottles	For FL - 3 A Rs per bottle
(I) 1000	0.15	0.25
(II) 650	0.08	0.15
(III) 500	0.07	0.10
(IV) 330-325	0.05	0.07
(V) 275	0.04	0.05
(VI) less than 275	0.03	0.03

For renewal of a licence, licence fee equal to the licence fee payable for the previous year is to be realised in advance, subject to necessary adjustment at the end of the year on the basis of actual number of bottles bottled during the year. The advance bottling fee is realised in four installments viz. first at the time of grant or renewal of the licence and second, third and the last installment at the end of June, September and December respectively.

On the last working day of every day of calendar month, after all the transactions for that day are made, the Excise Inspector in - charge is required to take the stock of the unbottled and bottled liquor stored in the bottling bonded warehouse. An allowance up to one per cent is made on the total quantity of spirit stored during a month for actual loss in bottling and storages. Duty is chargeable from the licensee on wastages in excess of the prescribed limit, the correctness of which is to be checked in audit.

Issue of Foreign Liquor

3.77 Issue of Liquor and duty chargeable : Issues of foreign liquor is made under a pass in form FLB - 11 granted by the Excise Inspector empowered in this behalf. The pass is issued either on proof of full payment of duty or in case of export outside U. P. on execution of the necessary bond. In case of export outside U. P. the export pass fee, however, is to be realised from the distiller in advance. If the licensee does not furnish the proof of his having delivered the liquor at the destination within the time mentioned in the bond, or if it appears that any of the conditions of the bond have been infringed, the Excise Inspector in charge is required to recover the penalty mentioned in the bond from the licensee.

A register of bond in form FLB - 12 is maintained and every issue in bond made on the date is entered in this register. On receipts of the intimation that the consignment has duly arrived at the destination, an entry this effect is made in the register of

bond, and the bond in so far as that consignment is concerned, is discharged.

3.78 The other conditions governing the bottling operation and records to be maintained in the bottling warehouse, are as mentioned in the U. P. Bottling of Foreign Liquor Rules, 1969.

In the audit of foreign liquor bottling section, the realisation of bottling fee at the prescribed rates is to be checked. In addition, the realisation of duty on issues of foreign liquor for wholesale vend within U. P. / export pass fee for export out of U. P. has also to be checked with references to prescribed rates. In case of breakage of bottles during export, whether duty at full rates in force in U. P. has been realised, is to be verified.

Issue of Country Spirit

3.79 *Issue of country spirit under bond to contract supply areas* : Issues of country spirit under bond to bonded warehouses of the distiller are regulated as follows :

- (i) The distiller is required to execute a general bond in Form PD - 15 in respect of each contract for such amount as the Excise Commissioner may direct. Applications for issue of country spirit to bonded warehouses is made to the officer - in - charge of the distillery in Form PD- 18, who prepares a pass in duplicate in Form PD - 25 and issues the spirit. One copy of the pass is given to the distiller and the other copy is sent to the officer-in-charge of the bonded warehouse, who is required to endorse the result of his gauge and proof of the issuing distillery. An advice in form PD- 26 is also sent with PD - 25, which is returned to the distiller after countersignature of the Assistant Excise Commissioner of the Charge.
- (ii) Issues of the country under bond for export are regulated in accordance with paragraph 431 to 439 of Excise Manual, Volume - I.

The Rules regarding realisation of duty on country spirit issued at bonded warehouses and audit checks thereof have been discussed separately in the Chapter on country spirit bonded warehouse.

CHAPTER - 4 BREWERIES

4.1 'Brewery' means a building where beer is manufactured and includes all places where beer is stored or issued.

Notification dated 19th June 2003

Brewery Licence

4.2 Brewery Licences : The Uttar Pradesh Brewery as amended by Uttar Pradesh Excise Brewery (Third Amendment) Rules 2003 lays down the Rules regarding establishment of breweries, manufacture and issues of beer. The licence to establish a brewery in U. P. is granted in Form B - 20 by the Excise Commissioner and this license is valid only for a year from the date of issue unless specifically extended. A licence in form B - 1 for the manufacture of beer is issued by the Excise Commissioner on furnishing a security for fulfilment of all conditions of his licence and for the payment of all sums which may become due to Government by way of duty penalties, fines and taxes under the provisions of his licence or to which the brewery may be liable by law or by rules having the force of law, or under any engagement or bond in to which he may have entered, a sum fixed by the Excise Commissioner with previous sanction of the State Government from time to time.

[Notification dated 19th June 2003]

Renewal of Licence Fee

The fee for the grant or renewal of licence in form B- 1 shall be as under :

- (i) For breweries having an yearly production up to 5000 kilo litres - Rs. 1,00,000 (Rupees one lakh only)
- (ii) For breweries having an yearly production of over 5000 kilo litre and up to 10,00,000 kilo litres, Rs. 2,00,000 (Rupees two lacs only)
- (iii) For breweries having an yearly production over 10,000 kilo liters, the fee shall be increased by Rs. 20 (Rupees twenty only) per kilo litre

FL - 3 : Subject to minimum of Rs. 1,00,000 (Rupees one lakh) the licence fee in case of brewer shall be levied at the following rate or at the rate as fixed by the Excise Commissioner prior to approval of the State Government from time to time

	For FL - 3 Rs per bottles	For FL - 3A Rs per bottle
(i) Draught Beer per drume (of 50 fifty litre capacity)	Rs. 25.00	Rs. 30.00
(ii) Bottles 650 ml	Rs. 0.25	Rs. 0.30
(iii) Bottles 350 ml or less	Rs. 0.15	Rs. 0.20

The holders of FL - 3 or FL - 3A licence shall deposit Rs. one lakh as security in form of FDR or TDR in name of Excise Commissioner Uttar Pradesh before issue of licence. The licensee shall be allowed to draw, as it falls due, the interest accruing on them. The licensed bottler holding FL - 3 or FL - 3A licence shall keep an account current, of the fees payable on the bottling of spirit, wine and beer. He shall be required to deposit fees in advance in instalment of not than less than ten thousand rupees for adjustment of fee on actual number of bottles bottled. After deducting the minimum fee as mentioned in sub rule (2). If there is a balance of fees, at the end of the year, the said balance shall be permitted to be carried for next year or to be refunded, in case the licence is cancelled or not allowed to be renewed.

4.3 Control of the brewery : The brewery is placed under the charge of an Excise Officer of the Excise Department designated as officer-in-charge of the brewery, who works under the supervision of the Assistant Excise Commissioner in whose range the brewery is situated.

Control over manufacturing process

4.4 Working of the brewery : The brewer is required to send to the officer-in-charge, forty-eight hours before brewing, a written notice of his intention to brew. The brewer is also required to keep a book in form B-4 (Brewing book) in which he enters separately quantity of malt, corn sugar, hops and hop substitutes which he intends to use in his next brewing and also the day and hour when such next brewing is intended to take place. The brewer enters the dip and gravity of worts produced from each brewing and also the description and number of vessels into which the worts have been conveyed, in the brewing book. The account of produce of each brewing is kept separate, till an account regarding bulk and gravity of each has been taken by the officer-in-charge.

Records of Brewery

4.5 Records maintained in the brewery : The following register are maintained by the officer-in-charge of the brewery :

- (i) B-6 Register of samples of malts and worts taken for analysis.
- (ii) Register of gauge tables in Form B-3.
- (iii) Register in Form B - 11 of advance deposit and issues of beer against the same.
- (iv) Register of manufacture and issue of beer in Form B-16.
- (v) Register of beer returned unsold to the brewery in Form B-17.
- (vi) Bond Register in Form PD- 17.

Procedure for issue of beer

4.6 *Issue of beer, allowable wastage and refund of duty*

(a) Beer cannot be removed from a brewery until the duty imposed under Section 28 of U. P. Excise Act, 1910 has been paid or until a bond has been executed by the brewer for export of beer outside the State. Duty is realised in either of the two ways, viz, :

- (i) By payment in cash in the treasury or State Bank of India.
- (ii) By debit to advance account kept for the purpose.

If the brewer wishes to pay duty in cash, he will present an application in form B-9 in triplicate at the treasury, the correctness of which is duly verified by the officer-in-charge of the brewery. The treasury, on receipt of the amount tender, gives one copy of the application to the applicant, the second copy is forwarded to the officer-in-charge of the brewery and third copy is retained for record.

Brewers are also permitted to make advance payments on account of excise duty on beer to be removed from time to time from the brewery. Such removals are permitted up to the limit of advance without separate payment of duty on account of each consignment of beer removed. No original advance deposit should be less than Rs. 2,000 and each time an advance is replenished it must be a sum, which bring it up to not less than Rs. 2,000.

The application for removal of beer to duty, which is debited against the advance, is made in Form B-10. The beer is issued under a pass in Form B-12 granted

by the officer-in-charge on proof of full payment of duty or in the case of export out of U. P., on execution of the necessary bond.

Quarterly Examination

(b) **Quarterly examination of stock :** Under Rule 53 of U. P. Brewery Rules, 1961, the accounts of a brewery and the stock of beer in hand in the brewery, are to be examined by the Assistant Excise Commissioner once a quarter. If the quantity of beer on such examination is found to exceed the book balance in the stock account, the brewer is liable to pay duty on such excess at double the rate prescribed for ordinary issue. If the quantity of beer is found less than the book balance in the stock account, the cause of deficiency has to be inquired into and the result reported to the Excise Commissioner, who may direct the levy of a fine not exceeding double the amount of duty on the deficit quantity after allowing wastage of ten per cent, to cover loss in bulk due to evaporation, sillage and other contingencies within the brewery.

Refund of Excise Duty on beer

(c) **Refund of duty :** When beer on which duty has been paid becomes unfit for human consumption as such, the Excise Commissioner may, on receipt of a formal claim from the brewer, through the Collector, order a refund of duty, provided such claim is preferred within six months of the payment of duty. The collector on receipt of orders of refund from the Excise Commissioner makes the refund as soon as the Assistant Excise Commissioner of the Range furnishes a certificate in form B-13 or B-14 that the beer has been destroyed in his presence.

Audit Checks

4.7 Audit Checks : In the audit of a brewery, the following audit checks are to be exercised :

- (i) The brewer's licence in the prescribed form B-1 on payment of the prescribed licence fee has been renewed in time.
- (ii) The entries made by the brewer in the brewing book in form B-4 are promptly and correctly made.
- (iii) No worts are removed from the brewery until an account of these has been taken.
- (iv) The produce of each brewing as shown in the brewing book has been correctly taken over in the Register of manufacture and issue of beer (B-16).

- (v) Issue have been made only after payment of duty and in case of export out of U. P. on execution of the necessary bond (B-11).
- (vi) Daily issues of beer as shown in B-16 Register are consolidated and duly posted in B-16 register and monthly closing of B-16 Register is made after all the manufacture of beer and issues thereof have been entered there.
- (vii) Register of advance deposit (B-11) needs a close scrutiny with a view to seeing that issue of beer is permitted up to the limit of advance and no advance deposit is such, as to make the balance less than Rs. 2,000/-
- (viii) The rates of duty and exports fee in case of issues outside the State are correctly applied with reference to orders for the time being in force.
- (ix) In case of deficiency in stock of beer exceeding ten per cent at the time of quarterly stocktaking, fine on such definciency has been recommended and charged under the orders of the Excise Commissioner.
- (x) Register of bonds (PD- 17) has to be scrutinised to see that issues are restricted to the quantity covered by the bond.

CHAPTER - 5
A - THE UTTAR PRADESH EXCISE (Settlement of Whole Sale Shops of Country Liquor (AMENDMENT) RULES, 2001

Wholesale shops may be licensed under the following conditons :

- (1) (i) Licence for wholesale shops may be granted by the Excise Commissioner or an officer authorized by him, not below the rank of Deputy Excise Commissioner, to a distillery having licence for manufacture of country liquor or to such other person with the prior approval of the State Government.
- (a) is a resident of Uttar Pradesh.
or
a partnership firm having not more than two partners who are citizens of India. No change in partnership shall be allowed after allotment of shop (s). However if a licence is jointly held by two partners, in the event of death of either of them, the survivor along with the successor of deceased shall continue to hold the licence or in case of death of both partners their succesrs may continue to hold the licence. No distinction will be made between the legal liabilities of the two partners who will be jointly and severally responsible :
- (b) is, in case of individuals, above 21 years of age.
- (c) is not a defaulter / backlisted or debarred from holding an excise licence under the Act and the rules.
- (d) submit an affidavit duly verified by notary public as proof of the following, namely :
- (i) that he possesses or has an arrangement for taking on rent a suitable premises for opening the shop in accordance with the provisions of Uttar Pradesh Number and Location of Excise shop. Rules, 1968 as amended from time to time.
- (ii) that his proposed premises of the shop have not been constructed in violation of any law or rules.
- (iii) that he and his family members possess good moral character and have no criminal back ground and have not been convicted of any offence punishable under United Provines Excise Act, 1910 or Narcotics Drugs and Psychotropic Substances Act, 1985 or any other law for the time being in force, or any other cognisable and non-bailable offence.

- (iv) that in case he is selected as licensee he shall furnish a certificate issued by Senior Superintendent of Police / Superintendent of Police of the district of which he is the resident, showing that he as well as his family members possess good moral character and have not criminal background or criminal records, before grant of licence
 - (v) that he shall not employ any salesman or representative who has criminal background as mentioned in clause (iii) or who suffers from any infectious or contagious diseases or is below 21 years of age or a woman.
 - (vi) that he is not in arrear of any public dues or Government dues.
- (e) does not possess any licence for retail sale of country liquor or foreign liquor .
- (ii) The licence shall be in form Cl - 2A (Appended) and shall be granted on payment of licence fee and security money fixed by the State Government from time to time.
- (iii) The licensee shall procure supplies of country liquor in bottles or pouches having security Hologram. approved by the Excise Commissioner applied on them, from distilleries who are licensed manufacturers of Country Liquor and such other levies, taxes or cess as leviable from time to time.
- (2) Wholesale shops are meant to facilitate distribution and their number and location should be determined with reference to the convenience and reasonable requirements of retail vendors. To prevent wholesale licence being used as cover for sale of illicit liquor the place of vend must be located at district headquarters so that licensed premises can be kept under supervision.
- (3) Wholesale licensees shall be entitled to sell country liquor, subject to the conditions of their licence to.
- (i) Retail licensees of the district.
 - (ii) Retail licensees of other districts of the charge with the prior permission of the concerned Deputy Excise Commissioner.
 - (iii) Wholesale licensees of other districts of the charge with the prior permission of the Deputy Excise Commissioner and of the zone with prior permission of the Excise Commissioner.

(4) (i) Wholesale licensees are not permitted to reduce, blend or colour the liquor or to have any colouring and flavouring material or Holograms in their licensed premises.

(ii) The licensee shall record the date and time of receiving the indent, along-with price of country liquor including all duties and taxes etc, in part - I of W. S. I of register as well as on the retailer's copy of the indent form. The wholesale licensee shall be bound to issue country liquor within 48 hours from the time of receipt of indent. In the event of failure of supplies to retail licensee as above the security deposit of the concerned wholesale licensee shall be forfeited and his licence shall be liable for cancellation.

(iii) All supplies from distilleries to wholesale shops shall be covered by PD 25A pass (appended) and entries of despatch and receipt shall be recorded in part- II of W. S. I register (appended).

(iv) The entries of daily issues from the wholesale shops to retail licensees shall be recorded in part - III of W. S. I register.

(v) Abstract of daily account of opening balance, receipts, total, sale and closing balance shall be maintained in part IV of W.S.I. register.

(5) Spiced and plain country liquor of specified strengths shall be sold only in sealed bottles of poly pouches carrying Security Holograms intact as received from the distillery or from any other whole sales shop of the charge.

(6) (i) All issues from a wholesale shop must be duly entered in a pass book in form W. S. 2 (appended) duly signed by the whole sale licensee or his representative. The entries in pass book will serve as a pass to protect the consignment in transit.

(ii) The licensee shall also maintain a daily shop wise register as W. S. 3 (appended) and shall send periodic returns of indents received and total issue made on every 8th, 16th and 25th day of the month in form W. S. 4 (appended) to the District Excise Officer. In case of issues to retail or wholesale licensees of other district of the charge or zone, the licensee shall also send the above statement to the concerned Deputy Excise Commissioner and district excise officer by special messenger and obtain a receipt, thereof.

(7) The Excise Officer not below the rank of an Excise Inspector of the circle shall be allowed every facility for examining the amounts and checking the stock of liquor whenever he visits the wholesale shop.

FORM - W. S. - 1

Register to be maintained by country liquor whole sale shop

The register will be divided into four parts :

Part - I - This part of register will show the list of indents received along-with details of quantity, and date time of receipt of indents and issues of supplies.

Part - II- This part of register will show all receipts by the licensee. Entries should be made only on the dates on which consignments are received. A separate line should be given to each consignment and if the consignment consists of liquors of various kind namely spiced and plain a separate line should be given to each kind of liquor.

Part - III- This is part of register will show sales of country liquor to retail sale licensees and other wholesale licensees of country liquor. Details of numbers printed on security holograms approved by Excise Commissioner and applied on bottles and pouches will also be written under the quantity of bottols / pouches issued as above.

Part - IV- This is part of register will show the actual balance and total receipts country liquor, during the day, the total sales and the balance at the end of the day.

Note : All the columns in various parts of the register must be filled properly with due care and the register must be kept upto date at all times.

Issue of Bhang, Uttar Pradesh Excise Licences (Tender-cum-Auction Rules 1991 still continued.

5.7 Hemp, Drug Warehouse (Attached to Country Spirit Warehouse)

- (1) In the drugs warehouse, bhang is kept for issue to licensed vendors of bhang. The drugs warehouses are ordinarily situated within the premises of country spirit warehouses under the contract system. The wholesale contractors of bhang is required to keep a minimum stock of bhang as may be prescribed for each warehouse.

The cost price and duty is deposited in the treasury / sub - treasury by the licensed vendors and on production of treasury challans at the drug warehouse, the supply of bhang is made. Audit would be required to see that the amount of duty is realised at the prescribed rates. Para 971 of Excise Manual,

Volume I deals with transit / storage and issue wastage. In audit, it is to be checked that provisions of the Rule regarding transit / storage and issue wastages are strictly enforced.

- (2) The quantity accounts are maintained in ID - 19 Register and these have to be checked in audit.

**B - THE UTTAR PRADESH FREIGN LIQOR BONDED WAREHOUSE RULES.
1993**

(As amended from time to time)

Short Title and Commencement	<p>1.</p> <p>(i) These Rules may be called the Uttar Pradesh Foreign Liquor Bonded Warehouse Rules, 1993.</p> <p>(ii) These shall come into force with effect from April 01, 1993</p>
Definitions	<p>2. In these Rules, unless there is anything repugnant in the subject or context :</p> <p>(i) "The Act" means the U. P. Excise Act, 1910 (U. P. Act No. IV of 1910).</p> <p>(ii) "Bonded Warehouse" means a warehouse licensed by the Excise commissioner, Uttar Pradesh under Section 18 (d) of the Act, for the receipt and storage under bond of bottled foreign liquor of Indian manufacturer, transported or imported into Uttar Pradesh from any place within the Indian Union as approved by the Government of Uttar Pradesh for its transport and sale within Uttar Pradesh to wholesale vendors of foreign liquor.</p> <p>(iii) "District Excise Officer" means an officer of the Excise Department not below the rank of an Assistant Excise commissioner or and officer of the Land Revenue Department not below the rank of Sub - Divisional magistrate, duly appointed and invested with the powers contained under Section 10(2) (b) of the U. P. Excise Act, 1910.</p> <p>(iv) The expression "Import" and "Transport" have the meaning as are assigned to them in Section 3(17) and 3(19) of the Act.</p> <p>(v) "Licencee" means a person or a firm or company, which is a manufacturer of foreign liquor, to which a licence has been granted for establishing and running a Bonded warehouse.</p> <p>(vi) "Officer In - charge" means an officer of the Excise</p>

	Department to supervise work in the bonded warehouse.
	(vii) Foreign liquor for the purpose of these Rules shall mean : <ul style="list-style-type: none"> a. Spirit made in India and sophisticated or coloured, so as to resemble in flavour or colour with the liquor imported into India. b. Beer brewed in India and c. Wines and liquors made in India
	(viii) "State" means the State of Uttar Pradesh.
	(ix) "Excise Commissioner" means the officer appointed by the State Government under Section 10, sub-section 2 clause (a).
3.	The license to establish or licence a Bonded Warehouse of Foreign liquor shall be granted by the Excise Commissioner, U. P. subject to the conditions and restrictions as laid down under these Rules.
4	
(i)	The application for the grant of licence shall be made in writing in form BWFL - I and the license shall be granted in form BWFL - 2, BWFL - 2A and BWFL - 2B. The Excise commissioner may grant the licence in Form BWFL - 2, subject to deposit of security of Rs. 1, 00, 000 (Rupees one lakh only) and in case of BWFL - 2A licence, security of Rs. 1,50,000 (Rupees one lakh fifty thousand only) and in case of BWFL - 2B, security of 15,000/- Rupees Fifteen thousand only), for fulfillment of all the conditions of licence, and execution of a bond in form BWFL - 3 for such amount as may be fixed by Excise Commissioner.
(ii)	The security shall be furnished in cash or in interest bearing Government securities, Government promissory notes, National savings certificates, post office saving Bank pass book or post office cash Certificate or in Fixed deposit receipts or the State Bank of India or in any other Scheduled Bank duly pledged to the Excise Commissioner.

	<p>(iii) The licence to establish and run a Bonded warehouse of foreign liquor shall be granted to a person or a firm or a Company who is a manufacturer of foreign liquor.</p> <p>(iv) The license to establish and run a Bonded Warehouse of Foreign Liquor in Form BWFL - 2A shall be granted only in the districts having total licence fee of Fl - 5 shops exceeding Rs. 5.0 crore.</p>
Licence and period of licence	<p>5. The licence in form BWFL - 2 may be granted or renewed on payment of Rupees ten lakh as licence fee for IMFL and Beer manufactured and bottled in Uttar Pradesh and in case of licence in form BWFL - 2A, on payment of Rupees fifteen lakh as licence fee for IMFL and Beer manufactured and bottled outside U. P. and in case of licence in Form BWFL - 2B, on payment of Rupees five lakh for beer only manufactured and bottled in U. P. as well as outside U. P. for the period not exceeding one year and ending on 31th March following the date of grant.</p> <p>6. Foreign liquor may be obtained in bond without payment of duty from any distillery or bonded warehouse in Uttar Pradesh or outside on a permit issued by the Collector under the following Rules.</p>
Import of Foreign liquor in to bonded warehouse	<p>7. The Import of foreign liquor in bond shall be governed by the Rules given in paragraph 609 to 613 of the Excise Manual, Uttar Pradesh, Volume - I.</p>
Transport of foreign liquor	<p>8. Transport of foreign liquor manufactured at a distillery within the State shall be governed by Rules relating to issues from distilleries.</p> <p>9. No liquor shall be received in the bonded warehouse unless accompanied by pass from the officer-in-charge of the distillery or Bonded Warehouse from which it has been imported or transported.</p> <p>10. Immediately on arrival of a consignment at a Bonded Warehouse, the officer -in -charge shall be informed and</p>

	consignment shall not be opened until the same has been examined and verified with the pass by the officer-in-charge who shall also note the result in the Register maintained for the purpose and also on the pass covering the consignment. One copy of the pass with initials of the officer - in - charge shall be immediately returned to the officer who issued the pass, and the second copy with entries thereon shall be kept for record.
Loss in transit or storage	<p>11. No allowance shall be given for destruction, loss or damage by fire, accident, theft or any other cause whatsoever or during its transit to the Bonded warehouse. The losses in transit or storage shall be deemed to be issued from the bonded Warehouse and duty will be payable accordingly.</p> <p>12. Unless the Excise commissioner gives special orders to the contrary, all liquor shall be stored in the bonded warehouse in sealed bottles.</p>
Issues	<p>13. No liquor shall be removed from the Bonded Warehouse unless the duty has been paid on it at the prescribed rate or a bond has been executed for payment of the same by the licensee.</p> <p>14.</p> <p>(i) Foreign liquor may be issued in bond to any other bonded Warehouse in the State in accordance with the rules governing the transport of foreign liquor.</p> <p>(ii) Issues from the Bonded warehouse on payment of duty shall be made only to the wholesale vendors of foreign liquor of the State. An account of issues of liquor for the Bonded warehouse shall be maintained in registers in form BWFL - 6. All issues shall be made only on application accompanied with treasury challan evidencing payment of prescribed duty by the licensee. The application shall be in form BWFL - 5.</p> <p>(iii) No liquor shall be removed from the warehouse until it has been checked by the officer-in-charge and a pass in Form BWFL - 7 has been granted by him. The pass shall</p>

	<p>be prepared in triplicate, one copy of which shall be made over to the wholesale vendors of the foreign liquor, second copy shall be forwarded to the District Excise Officer of the district where wholesale shop is situated and the third copy shall be kept for record.</p> <p>15.</p> <p>(i) The licensee shall provide building and all articles connected with the supply, storage, handling and issue of foreign liquor in the bonded warehouse. The premises of bonded warehouse shall be approved by the Collector of the district in which it is situated.</p>
Building of the Bonded Warehouse	<p>(ii) The building or rooms of the bonded warehouse shall be constructed of masonry or brickwork. The windows of the building or rooms shall be fitted with malleable iron bars not less than 20 millimeters in thickness and not more than 110 millimeters apart and fixed in the masonry or brickwork to a depth or at least 50 millimeters at each end. On the inside of each window, there shall be securely fastened to the bars, a stout wire netting the apertures in which holes shall not exceed 25 millimeters in diameter. There shall be only one entrance to the building or main room of the warehouse and to each storeroom respectively, which must open into the warehouse enclosure and the door of each shall be secured by an excise lock.</p> <p>Provided that the Excise commissioner may, in special cases, relax any of the requirements laid down in this Rule on such conditions and to such extent as he may specify.</p>
Hours of Attendance	<p>16. The hours of attendance of the officer-in-charge deputed to look after the work bonded Warehouse shall be fixed by the Deputy / Assistant Excise Commissioner of the Charge.</p>
Control of Bonded Warehouse	<p>17.</p> <p>(i) The Bonded Warehouse shall be opened only for the entrance and exit of persons who have business inside then. No one except officers of the Excise Department, superior officers of the land Revenue department, licence, agents or servants, shall be allowed to enter the bonded Warehouse.</p> <p>(ii) The licensee unless personally supervises shall be bound</p>

	to appoint a competent person as his agent, whose appointment shall be subject to the approval of Deputy / Assistant Excise Commissioner of the Charge.
	(iii) The licensee shall furnish to the officer-in-charge, a list containing the names of the agent and all the employees whose duties require them to enter the bonded warehouse.
	(iv) The officer-in-charge shall maintain a list in form BWFL - 5 containing the particulars of all employees in the warehouse as furnished by the licensee and shall forward a copy thereof to the Deputy / Assistant Excise Commissioner of the charge and the licensee shall not employ on such duty, persons to whom the Deputy / Assistant Excise Commissioner of the Charge objects.
	(v) All persons entering the bonded warehouse shall be under the orders of the officer-in-charge in respect of their conduct and proceedings within the warehouse and shall be liable to search on their quitting the premises at the discretion of the officer-in-charge.
	(vi) If it comes to the knowledge of a licensee, that any person employed by him has committed any such breach of the provisions of the Act and the Rules made thereunder, or of the engagements entered into by him, it shall be his duty to report the matter to the Deputy / Assistant Excise Commissioner and to comply with the direction of the latter officer. regarding continued employment of such a person.
	(vii) The officer-in-charge of a bonded warehouse may reject and exclude from the premises any person who has committed or is about to commit any breach of the provisions of the Acts and the Rules made thereunder, or who is intoxicated or disorderly. All actions under this Rule shall forthwith be recorded by him in writing in his official diary for information of his superiors.
	(viii) The licensee shall be bound by all the general rules for management of the bonded warehouse, for the issue of

	<p>foreign liquor therefrom, which may already be informed or which may later be prescribed under the existing excise laws or under any law which may hereafter be enacted and by all special orders issued by the Excise Commissioner with regard to individual bonded Warehouse, and shall cause all persons employed by them in the storage, issued etc. of liquor to obey all such rules.</p> <p>18. If the licensee or his agent infringes or abets the infringement of any of the conditions of the licence, the Excise commissioner may revoke and cancel the licence and forfeit to the Government, the whole or any part of the security deposit.</p>
Stock - taking and wastage	<p>19. On the last working day of every month after all the transactions for that day are made, the officer-in-charge shall take the stock of the foreign liquor stored in the Bonded Warehouse and enter into the prescribed registers in Form BWFL - 10. A copy of the monthly abstract of warehouse ledger in respect of transactions in the bonded warehouse shall be submitted to the Deputy / Assistant Excise Commissioner of the Charge on the first day of every month in form BWFL - 10.</p> <p>20. The licensee shall also prepare an exhaustive list of all the brands and the rates to be charges for sale to wholesalers (Fl - 2/Fl - 28 licensees) and shall furnish a copy of the list of brands and the rate chart to the Excise commissioner before commencement of the Excise year. No change in price shall be allowed during the year unless specially permitted by the Excise Commissioner.</p>

FORM BWFL - 1

**Application for licence to establish and run a foreign liquor bonded warehouse
under Section 18 (a) of U. P. Excise Act, 1910**

Rule - 4 (1)

(Delete the letters and words not applicable)

To :

**The Excise Commissioner,
Uttar Pradesh, Allahabad**

Sir,

The undersigned.....beg/begs to apply for a licence to establish
and run a bonded warehouse of foreign liquor at.....in district.....of
Uttar Pradesh.

2. The applicant is a manufacturer of foreign liquor holdings a manufacturing
licence in Form.....in State of..... His manufacturing licence
number is.....
3. The applicant Firm / Company agrees to abide by the terms and conditions of
the licence, which may be granted / renewed.
4. The applicant Firm / Company have enclosed a Treasury challan No.
.....dated for payment of licensee fee for Rs.
5. The applicant Firm / Company have enclosed a certificate from the Collector of the
district regarding suitability of the premises in which business will be carried out.
6. The applicant Firm / Company declared that an excise licence previously held by him
has been revoked or suspended or has failed to be renewed owing to a breach of
provisions of the Act and / or Rules governing the grant of such licence.
7. The applicant is depositing a security of Rs.....as detailed below :

Sl. No.

Kind of Security

Value

The applicant Firm / Company hereby declares to the best of his / firm's / company's
knowledge and belief, the information furnished herein are true and complete.

Place

Signature of Applicant (s)

FORM BWFL - 2

Licence to establish and run a foreign liquor Bonded Warehouse

Rule - 4 (1)

Licence is hereby granted under and subject to the provisions of U. P. Excise Act, 1910 (Act IV of 1910) and the Rules and orders made thereunder to.....of(Hereinafter referred to as licensee), authorising him to store in bond, India made foreign liquor manufactured and bottled Uttar Pradesh at.....in the district.....(Hereinafter called the licenced premises), during the period commencing on.....and ending on 31st March.....(both days inclusive), subject to the following conditions, the infraction of which either by the licensee or any person in his employment shall entail on the licensee a motion of penalty, forfeiture of security and cancellation of licence.

CONDITIONS

1. The licensee shall pay into the Government treasury in advance, a sum of Rs. 10,00,000 /- (Rupees ten lakh only) as licence fee and shall also furnish a security of Rs. 1,00,000 /- (Rupees one lakh only), as provided under the rules on the subject.
2. Issue of foreign liquor from the said bonded warehouse shall be made either in bond to any other bonded warehouse in the State or on payment of duty to the whole sale vendors of foreign liquor of the State.
3. Issue of foreign liquor from the said bonded warehouse shall be made at such strength only as may be fixed time to time by the Excise Commissioner U. P.
4. The officer-in-charge of the bonded warehouse is empowered to stop the sanction of the Deputy / Assistant Excise Commissioner of the charge concerned, pending the orders of the Excise commissioner. The Issue of foreign liquor, which he considers bad and is required to send samples of such foreign liquor for analysis without delay.
5. The licensee shall maintain such minimum stock of each brand at the warehouse as may fixed by the Deputy / Assistant Excise Commissioner of the charge keeping in view the demand and requirments of the particular brands by the retail vendors.
6. The licensee shall be responsbile for the proper upkeep and storage of foreign liquor at the warehouse. The licensee shall provide adequate number of racks, almirahs, boxes and other equipment, as may be necessary for storing his stock and shall be at liberty to put his own lock thereon.

7. The licensee shall supply Indian made foreign liquor in bottles / flasks of one litre, 750 ml, 375 ml, 180 ml, 100 ml, and 60 ml capacity only and beer bottles / aluminum cases of 650 ml, 500 ml and 325 ml capacity.
8. The labels affixed to the bottles shall have the prescribed details.
9. The licensee will be required to post his authorized agent duly approved by the Deputy / Assistant Excise Commissioner of the charge and shall arrange for loading and unloading of his incoming consignments of Indian made foreign liquor and issues from the bonded warehouse.
10. The licensee shall keep in the bonded warehouse, a true and correct account of the quantity of foreign liquor received, issued and held in balance at such bonded warehouse. The account shall be correctly written in the register in the prescribed form daily. The pages of the Account Register shall be numbered and stamped with a rubber seal of the concerned District Excise officer. The passes and counterfoils of the passes covering the receipt and issue of foreign liquor shall be properly kept and shall at all times be open to inspection by the authorities of Excise Department.
11. The licensee shall be bound by all the general rules for management of the bonded warehouse and for the issues of foreign liquor therefrom.
12. The licensee shall furnish to the Excise commissioner, an exhaustive list of brands and a list of rates of the products, before the commencement of the Excise year, which will be circulated amongst all concerned. No change in the rates shall be allowed during the year of operation unless specially permitted by the Excise Commissioner.
13. The licensee shall abide by the conditions of the licence and provisions of the U. P. Excise Act, 1910 and the Rules and orders made thereunder.
14. In case the licence is cancelled during the current period of licence or is not renewed on its expiry and the licensee has a balance of liquor at the bonded warehouse, the same shall be surrendered to the officer-in-charge, who shall dispose it off only under the directions given by the Excise commissioner.

Granted

days of

**EXCISE COMMISSIONER
UTTAR PRADESH**

CHAPTER - 6

A - DISTRICT EXCISE OFFICES (DEO)

Collector as Head of District Excise Administration

6.1 In case of Excise receipts other than tax in sales of motor spirit, diesel oil and alcohol, the Collector of the districts is the head of the Excise administration within his jurisdiction. But his functions are carried out by an officer, subordinate to him, usually an officer of the Excise Department, who is posted at the District Headquarters and is designated as the Districts Excise Officer (DEO). All the power of the Collector regarding Excise administration are delegated to him.

Licence issued on payment of licence fee by DEO

6.2 **Payment of licence fee :** The various licences for vend of country spirit, bhang, tari and foreign liquor etc. are issued by the District Excise Officer and licence fee thereof is realised by him. The following licence fee systems are applicable in Uttar Pradesh :

Auction Fee System

1. **The auction fee system :** Under this system, the amount of licence fees is determined by competition among bidders for the right to sell. This system at present applies to :

- a. fees for the retail sale of country spirit under the distillery system ;
- b. fees for the manufacture and retail sale of country spirit under the out-still system ;
- c. fees for the exclusive privilege of manufacture and retail sale of tari within areas where the framing system of supply of tari is in force ;
- d. fees for the manufacture and vend of tari at individual shops settled under the shop to shop system and fees for the retail vend bhang / ganja.

Fixed Fee System

2. **The fixed fee system :** Under this system a fixed fee is levied for the right of vend during the year, or for a shorter period or for particular occasion. This system applies to various licences for special uses of intoxicants.

Uniform Surcharge Fee System

3. ***The uniform surcharge fee system*** : Under this system, licence fee is levied in the form of a uniform surcharge paid along with the fixed duty. This system applies to the manufacture and vend of tari at shops under the tree tax system of supply of tari and to the vend of ganja to permit holders. This system applies to licences granted for the wholesale / retail vend of foreign liquor, where a fixed vend fee per bottles of IMFL sold is levied on the seller, the amount depending upon the type of licence of the seller.

Graduated Surcharge Fee System

Under this system, the licence fee for a calendar month is assessed according to prescribed scale on the quantity of the intoxicant taken for sale during that month. The fee is recoverable in the next month following. Licences for the retail vend of country spirit and hemp drugs under the contract supply system can be granted under this system when in vogue.

Description and application of auction system

6.3 The licence fees for the wholesale vend of foreign liquor to wholesale and retail vendors and for the retail vend of the following commodities under the auction system shall be fixed by the public auction periodically. However, the Excise Commissioner reserves the right to any licence on payment of fixed fee or fee determined in accordance with the graduated or uniform scale or by tender or by tender-cum-auction system.

- a. Country spirit
- b. Tari in areas other than those under the tree-tax system ;
- c. Foreign liquor for consumption off the premises in form FL - 5 ;
- d. Bhang

Note : The settlement of tari shops under the auction-cum-tree system is also made by public auction.

[Section 368 of Excise Manual U. P. Volume - I]

Dates for settlement

6.4 Settlement shall ordinarily be made between such dates as may be published by the Excise Commissioner in the sale proclamation in forms G - 35A, G - 35 B or

G - 35 C, as the case may be, which will be issued by the Excise Commissioner after consulting district officers.

[Section 369 of Excise Manual U. P. Volume - II]

Sale Proclamation

6.5 The sale proclamation will announce the dates of sale for all the districts concerned. These will be so fixed as to avoid, as far as possible, the clashing of dates in neighboring districts and to allow competitors unsuccessful in one district sufficient to appear and bid at the sales in adjacent districts.

[Section 370 of above]

Note : As an alternative to paragraph 369 and 370, the Excise Commissioner may direct that sales may be held on such dates as may be fixed by the Collector in consultation with the Collector of neighboring districts.

Dates fixed to be followed as far as possible

6.6 Collector must give timely and effective publicity to the dates of sales and must make every effort to adhere to the published dates. Any change in the date fixed, unless notified well in advance and with full publicity, will result in failure to secure proper attendance. It is better to proceed with the sale on the dates appointed, leaving any unsold shops to be settled at a subsequent sale or if possible, to postpone the sale generally. Should a general postponement become necessary for any reason immediate intimation should be given to the Excise Commissioner, with a brief statement of the reason for such a step and the revised dates fixed.

No dates should be fixed for a postponed sale which may not permit the reports of such sale reach the Excise Commissioner by March 15, in the case of country spirit or bhang, and by September 15 in the case of tari. This does not apply to the settlements of isolated shops for which no bids, or inadequate bids, have been made at the regular sales. These may be disposed off subsequently.

[Section 371 of above]

List of shops to be published before date of auction

6.7 List of licences to be disposed of shall be prepared and exhibited, both at

times of the auction and for some times before, at the Collector's office. No shops other than those specified shall, except under very special circumstance, be auctioned.

[Section 372 of above]

Note : The Rules governing the tender, auction etc. for grant of licence for retail sale of country liquor, foreign liquor and Bhang, known as the Uttar Pradesh Excise Licences (Tender-cum-auction) Rules, 1991, are appended as part - B of this chapter, beginning from page 65.

Licences and lease personal to holders

6.8 All licences granted under the auction system are personal to the licence in whose favour they are granted. In the event of a licence's death Collector may continue the licences on the same terms to the approved representative of the deceased, on the condition that any arrears due from the deceased licensee are recovered, before licence is so transferred.

[Section 376 of above]

6.9 Tari shops under the tree-tax system

(1) Licences for tari shops under the tree-tax system are selected in any one of the following manners :

- a. By inviting tenders in form G - 28A in areas where the Tender-cum-Tree - Tax system is in force. The settlement of tari shops under this system is made in accordance with the U. P. Settlement of Tari Shops (Tender-cum-Tree-Tax or Auction-cum-Tree-Tax) Rules, 1955.
- b. By putting the shops to auction in areas where the auction-cum-Tree-Tax System is in force, and settling the same with the highest bidders (if otherwise not disqualified) in accordance, with the Rules mentioned in sub-clause (a), supra.
- c. By inviting application in form G-28 in areas where neither of the two systems mentioned in clause (a) and (b) above, is in force. The selection is made in accordance with the Rules governing the settlement of shops under the Graduated Surcharge system.

(2) Settlement are made for individual shops and licences are granted for one year

commencing from October 1.

- (3) A settlement report shall be submitted to the Excise Commissioner on or before September 15, together with statements in form G- 11 or G- 11-A, as the case may be.
- (4) Licence fees are levied in the form of a fixed surcharge per tree, realised at the time the tree-tax is deposited.

[Section 377 of above]

6.10 Foreign liquor shops under the surcharge system

- (1) The fee for the following classes of foreign liquor licences are assessed on the sales of the preceding year, in accordance with the scale of surcharge applicable to each licence, subject to a maximum or minimum in certain cases:
 - a. Wholesale licences in forms FL - 1 and 2.
 - b. Retail licences in forms FL - 4 and 5.
 - c. Hotel or dak bungalow licences in form FL - 6.
 - d. Restaurant or hotel bar licence in form FL - 7.
 - e. Railway refreshment room or dining car licence in form FL - 8.
- (2) ✓ In the case of licence granted in connection with the grant of contracts under the military canteen system (forms FL - 9 and FL - 9-A), the licence fee is levied monthly, in advance, on the basis of sales made in the preceding months.
- (3) ✓ Whenever it is proposed to issue a new licence in form FL - 2, FL - 4, FL - 5 or FL - 7, the Collector shall forward his recommendations to the Excise Commissioner. In doing so, he shall, obtain the views of the Assistant Excise Commissioner of the charge in respect of these licences. On receipt of Excise Commissioner's sanction, the licensee shall be selected by the Collector, in the case of retail licences, in accordance with U. P. licensing under the Surcharge Fee System Rules, 1968, after inviting applications, In the case of FL - 2 wholesale licences, the licensee shall be selected by the Collector after inviting application.
- (4) The grant of Hotel licences in form FL - 6 is regulated by para 647 of U. P. Excise manual. On receipt of Excise Commissioner's sanction, the licence may be granted to the lessee / proprietor of the hotel recommended by the collector.

Grant of licences in form FL - 6 has been discontinued with effect from April 1, 1949 under orders of the Government.

[Section 378 of above]

Foreign Liquor shops under the fixed fee system

6.11 The fixed fee system is applied to the following classes of licences for the vend of foreign liquor :

- (i) Actioneer's licence in form FL - 10.
- (ii) Occasional Licence in form FL - 11
- (iii) Cinema and theater bar licence in form FL - 12
- (iv) Licence for sale for rectified spirit by chemists in form FL - 14
- (v) Licence for sale of medicated wines in form FL - 15
- (vi) Licence for the wholesale vend of denatured spirit in form FL - 16
- (vii) Licence for the retail vend of denatured spirit in form FL - 17

Licences are granted by the Collector in all the cases except cinema theater bar licences, which should be granted with the previous sanction of the Excise Commissioner. The full prescribed fee should be levied in advance. But, in the case of new licences granted during the course of a year, the fees may be reduced by the Excise commissioner, having regard to the portion of the period of currency of the licence has already elapsed.

Grant of cinemmma and theater bar licence in form FL - 12 has been discontinued with effect from April 1, 1947.

[Section 379 of above]

6.12 An application for grant of a licence shall be accompanied by a treasury receipt for twenty-five rupees. Application not accompanied by such a treasury receipt shall not be considered.

Application for licence

6.13 The following general principles are laid down for the selection of licencees :

- (1) The persons eligible for the licence shall be :
 - (i) Persons, who pay a minimum of one hundred rupees income tax, wealth tax or land revenue.

Selection of licensee

- (ii) Persons of the following categories who have the capacity to invest capital to the satisfaction of the collector :
- a. members of the family of such person as has been killed in the war between Indian and Pakistan ;
 - b. military personnel who have become invalid in the war between India and Pakistan ;
 - c. members of Schedule castes / Scheduled tribes ;
 - d. members of the family of freedom fighter who are wholly dependent upon him ;
 - e. educated widow of deceased persons ; or
 - f. educated unemployed person of good character
- (2) Honesty and ability to supervise the shop personally are the principal qualifications of a licensee. Preference should generally be given to a local resident. Education alone is not sufficient nor is the possession of a large capital. The capitalists who leave the work managers and salesman should be excluded as far as possible.
- (3) As far possible, no licence should be given for more than one shop.
- (4) partnerships in shops shall be allowed only under the following conditions :
- (i) Where an existing licensee applies voluntarily to take a person into partnership and the collector considers such person suitable to hold a licence and is further, of opinion that the shop cannot be managed well by a single licensee aided by one or more salesman. Attempts of licensees to transfer their shops to their nominees under the cloak of partnership should be severely discountenanced. Ordinarily, a man who cannot devote enough time to his shop should be asked to resign instead of being allowed to take in a partner. Only if he cannot manage the shop in spite of devoting all his time to it, should a partner be allowed.

- (ii) Where at or before the time of making applications for shops, two persons jointly apply for a licence in partnership, and the Collector finds both of them suitable for placing on the aforesaid list, their names shall be treated as one name only.
- (iii) In no case shall more than two persons be permitted to hold a licence jointly.

Description of contract supply system

6.14 The contract supply system denotes the system under which the exclusive privilege of supplying country spirit at a fixed price to a particular tract is granted for a certain period to a particular firm of distillers.

[Section 416 of above]

Contractors : How selected ?

6.15 The firm is selected in the following manner :

Tenders in form CL - 23 are invited by the Excise commissioner vide notice in form CL - 22, for the rates at which the different categories of spirit will be supplied at all specified bonded warehouses and wholesale depots in the area indicated. These tenders are submitted for the orders of the Government. The contract will ordinarily be awarded to the firm tendering at the lowest rate, but full power is reserved to accept such tender as may be deemed best in public interest, and to reject any of those received without reasons being assigned.

No payment is required for the exclusive right of supply, the object being to secure for the retail vendors, a supply of good spirit at a cheap and fixed rate. Spirit may be supplied from any distillery, whether situated within the State or outside.

The detailed conditions of the contract are given in the notice in form CL - 22 calling for tenders in the form of licence CL - 1.

[Section 417 of above]

Condition of the contract

6.16 The contractor is bound to sell spirit to licensed vendors at all bonded

warehouses and wholesale depots if any in contract area, at such strengths as may be prescribed and at the price fixed for each bulk gallon of spirit of specified strength.

The selling price does not include the duty, which the Government is at liberty to vary at any time during the contract.

[Section 418 of above]

Interest for supplier in retail vend of country liquor forbidden

6.17 The contract supplier of country spirit and if the supply contractor is a corporation or a company registered or otherwise, each of its shareholders, for the time being are not permitted to hold any interest in the retail vend of country spirit or tari within the area of the contract.

[Section 419 of above]

6.18 Register of demand and collections

(i) *Register of demands and collection (G - 4)* : After the conclusion of settlement of shops by auction, a register in form G-4 is prepared. This register includes all licence disposed off at the time of auction. This register is divided into separate parts for each type of receipts, viz. licence fee for sale of country spirit, of Bhang or of tari etc. This register is used as a ledger of demand and collection. The entry against each shop is arranged so as to show first, the advance deposit and then the installment for different months. Entries for payment of licence fee are made from the treasury records.

Register of Receipts

(ii) *Register of receipts form and payment to supply contractors* : The cost price of country liquor and Bhang is deposited by the retail vendors along with the excise duty through challans in the treasury or sub-treasury and on production of the challans at the bonded ware-house, country spirit / bhang is issued to the retail licensed vendors. The cost price is refundable to the distillers of the contract area and the refund is allowed by the District Excise Officer. An account of receipts of cost price country spirit / Bhang and refunds thereof to supply contractors is maintained in form (G - 7).

Audit Checks

6.19 The following points should be seen generally while checking the accounts relating to auction of country liquor, bhang and tari shops :

- (1) **Audit of country liquor, bhang, tari shops etc.**
- a. That wide publicity was given to the auction sufficiently ahead of the date of auction.
 - b. That the receipts from auction money are generally on the increase. If there is a general tendency towards fall in auction money in any year, the reason thereof, if any need to be investigated.
 - c. That 1 / 6th of the bid money was realised on conclusion of the bids.
 - d. That the highest bid was accepted and amount was correctly noted in Demand and Collection Register (G - 4) for realisation.
 - e. That the remaining 5 / 6th of the bid money was realised in ten equal monthly installments beginning from the April in the case of country liquor and bhang shops, and in eight equal monthly installments beginning from October in the case of tari shops. Audit should check that there was no delay in realisation of either that part of the bid money, which is to be paid immediately on conclusion of the bids or of the regular monthly installments. It should also be verified that each entry of realisation of auction money is attested by the District Excise Officer in G - 4 Register.
 - f. It should be seen that there was no general tendency towards monopoly auction of shops and that the allocation of auction money between various shops allotted to one bidder (if there is any such case) was reasonable.
 - g. That the deficit, if any, due to re-auction of shop is realised expeditiously.
 - h. It should be seen that defaulters of excise dues etc. have not been allowed to take part in the bids and that the solvency of the bidders has been verified with reference to sales tax and income tax clearance certificates by the Excise Officer before acceptance of the bids.
 - i. As per New Excise Policy, a licensee shall deposit the entire amount of basic licence fee within three working days of being informed of his selection. He shall be required to deposit half of the security amount within 10 working days of information of his selection and balance of security amount within 20 days.

The licensee shall be liable to pay the monthly instalment of licence fee by the last day of the month. Audit should scrutinize the above fact.

(2) Refund of cost price of country liquor and bhang :

- a. In audit of these refunds, it should be seen whether the amount was actually deposited as cost price of country liquor / bhang and whether the amount of refund was correct.
- b. That all items not paid to the contractor within three months of their credit are transferred to the revenue deposit account.
- c. That, on receipt of the orders of the Excise Commissioner, duty on excess wastage of spirit and hemp drugs is recovered from the supply contractor from the cost price of spirit / hemp drugs.

Vend of foreign liquor

6.20 Vend of foreign liquor (other than denatured spirit) : The fees for the following classes of foreign liquor licences are assessed on the sales made during the year, in accordance with the scale of fee applicable to each licence, subject to a maximum or minimum wherever prescribed :

1. Licence in form FL - 1 for wholesale vend by manufacture of their own produce to wholesale vendors. The brewer holding licence in form FL - 1 may, however, issue beer to troops or regimental units directly under this licence.
2. Licence in form FL - 2 granted to wholesale vendors of foreign liquor.
3. Bottling licence in form FL - 3.
4. Licence for the retail vend liquor in form FL - 4 for consumption both on and off the premises.
5. Licence in form FL - 5 for retail vend for consumption off the premises.
6. Hotel or dak bungalow licence in form FL - 6, for 6A (four or five stars hotels) for retail sale for consumption on the premises only, to persons actually residing in the hotel or dak bungalow.
7. Restaurant or hotel bar licence in form FL - 7, FL 7. B, FL - 7C (Club Bar) covering retail sale to all customers, for consumption on the premises.

8. Railway refreshment room or dining car licence in form FL - 8 covering retail sales in railway refreshment rooms and dining cars (grant of licence discontinued with effect from April 1, 1949).
9. Military units canteen licence in form FL - 9, FL - 9A and for the retail vend of foreign liquor to military personnel.

The fee for any of the above licences is determined annually in April by the Excise Commissioner on the basis of return (Assessment) in form Fl - 13, to be submitted by the Assistant Excise Commissioner. The return shows the total quantity of each kind of foreign liquor sold under the licence during the preceding Excise year and also the licence fees payable by the vendor, according to the scale prescribed by the Government. The licence fee for any year is, however, payable in advance by the licensee. The amount to be paid in advance is the same as the licence fee finally assessed for the preceding year. This advance is to adjustment on the basis of final assessed at the end of the year.

A Register of all foreign liquor licences is maintained in form G - 3 in the District Excise Office.

Audit Checks

6.21 In the audit of foreign liquor licences, it is to be seen that the annual licence fee or surcharge payable by each foreign licensee has been correctly determined and the full amount had been realised. It is also to be checked whether the same amount has been realised as advance licence fee for the next year.

6.22 Denatured spirit licences : The collector may grant to a distiller who denatures spirit and to approved dealers of denatured spirit a licence in Form FL - 16 for the wholesale vend of denatured spirit. The licence for retail vend of denatured spirit is granted in form Fl - 17.

Fee for FL - 16 licence

The scale of fee prescribed for FL - 16 licence is 18% *ad valorem* on the sale made by a distillery to a wholesale vendor (25% prior to 15-02-1997).

Fee for FL - 17 licence

The scale of fee prescribed for a FL - 17 licence, for retail vend of denatured spirit, shall be 15% *ad valorem* on the sale made by the wholesale vendor to a retail

vendor (20% prior to 15-02-1997).

The procedure for realisation of licence fee for vend of denatured spirit is the same as in the case of vend of foreign liquor and the same audit checks would have to be exercised.

Register and Records of District Excise Office

6.23 Other register and records maintained in the District Excise Office

- (i) *Other licences issued under the fixed fee system (Poppy heads licence, dangerous drugs licence etc.)* : These licences are granted on realisation of a fixed amount of licence fee. In such cases, it has to be ensured that prescribed amount of licence fee was realised before renewal of the licences.
- (ii) *Register of miscellaneous Demands and Collections (G - 10)* : A Register in form G - 10 of miscellaneous demands and collections on account of composition money, is maintained in the District Excise Officer.
- (iii) *Register of breaches (G - 43)* : All breaches reported against the various licencees are noted in this register and the development of the case are recorded here, till these are finalised. A thorough audit scrutiny of this register is necessary.
- (iv) *Register of outstandings* : The arrears of revenue are noted in this register. In audit, it is to be seen that all arrears involving large amounts are to be specially examined to see that they are not due to any irregular action on the part of the executive.
- (v) *Register of Excise Receipts (G- 6)* : A Register of excise receipts is maintained in Form G-6, into which all items of excise revenue included in the daily Siaha supplement or in the treasury challans, as posted under the various minor and detailed heads. In this register, entries are made date - wise and at the end of the month, the total receipts for the whole month is struck and signed by the District Excise Officer. This register is sent every month to the Treasury Officer for verification of receipts and in case of a variation between the figures of receipts as shown by the District Excise Officer, it has to be investigated and the discrepancy reconciled. It is to be seen in audit, that this register has been maintained properly and got certified by the Treasury Officer every month.
- (vi) *District Excise Note Book* : This is intended to be a permanent record of the

principal statistics relating to excise and opium shops, consumption, revenue, and of any special circumstances which may affect these from year to year. The notebook is designed for the record of ten complete years and is to be retained permanently in the District Excise Office.

Remissions and Refunds

6.24 *Remissions of irrecoverable dues and refunds of revenue* : Remission of irrecoverable dues up to Rs. 2000 are sanctioned by the Excise Commissioner. Remissions above Rs. 2000 are sanctioned by the State Government. The Procedure to be followed in writing off, of the irrecoverable dues, has been prescribed in paragraphs 177 to 179 of U. P. Excise Manual, Volume - I.

Refund of revenue is sanctioned by the Collector. In case of doubt, however, a reference is made to the Excise Commissioner for orders. All refunds are noted against the original payment in the remarks' column of the register in which the payment was noted.

B - New Excise Policy 2001-2002
OFFICE OF EXCISE COMMISSIONER UTTAR PRADESH
No. 10805 / x - 97B / SANSADHAN
March 8, 2001

NOTIFICATION

In exercise of the power under section 41 of the United Provinces Excise Act, 1910 (U. P. Act no. IV of 1910). read with section 21 of the Uttar Pradesh General Clauses Act, 1904 (U. P. Act No. 1 of 1904). the Excise Commissioner. Uttar Pradesh with the previous sanction of the State Government makes the following rules for determining consideration for and the manner of the grant of licence for exclusive privilege of retail sale of country liquor under sections 24 and 39 of the said Act on fixed licence fee in supersession of all previous rules published in their behalf to the extent of their inconsistency with these rules :

**THE UTTAR PRADESH EXCISE (SETTLEMENT OF LICNCES FOR
RETAIL SALE OF COUNTRY LIQUOR), RULES, 2001**

1. **Short title and commencement** - (i) These rules may be called the "Uttar Pradesh Excise (Settlement of licences for Retail Sale of Country Liquor) Rules, 2001."

(ii) They shall come into force the date of their publication in the Gazette.

2. **Defiitions** - In these rules, unless there is anything repugnant in the subject or context :

- (a) "Act" means The United Provincees Excise Act, 1910 as amended from time to time :
- (b) country liquor includes country spirit :
- (c) excise year means the financial year commercing from 1st April to 31st march of the next calendar year :
- (d) "Family" means and includes spouse (husband or wife) dependent son (s), unmarried daughter (s) and dependent parents.
- (e) form means the form appended to these rules :
- (f) "Licensing Authority" means the Collector of the District :

- (g) licence fee means a sum fixed in consideration of the grant of the licence for exclusive privilege for selling of country liquor in a retail shop under Section 24 of the Act as fixed by the Excise Commissioner in consultation with the State Government from time to time for the whole excise year or part thereof ;
- (h) "minimum monthwise guaranteed quality, means the quantity of spiced country liquor as fixed by the licensing authority in accordance with the general or specific instruction issued by the Excise Commissioner and guaranteed by the Licensee to be lifted by him for his retail shop in a month of an excise year for the purpose of retail sale.

Explanation - One bulk of litre of spiced country liquor shall be equivalent to (rate of duty on spiced country liquor) / (rate of duty of plain country liquor) bulk litre of plain county liquor.

- (i) "annual quantity" means the sum total monthwise guaranteed quantity of an excise year :
- (j) "Security amount" means a sum equal to the duty payable on 1/12th of annual quantity, in cash to be deposited in Government Treasury as interest free security, refundable ater the final settlement of all the claims and dues to the State Government.

3. Settlement of licences for retail sale : (a) Subject to the provision of these rules and subject to the payment of licence fee and security amount of the retail shop for sale of country liquor shall be settled or resetled by fixed fee system as specified herein.

(b) The licence shall be guaranteed in the form C. L . 5-C for retail sale of country liquor in sealed bottles and poly pouched for consumption both "On" and "Off" the premises.

4. Power to the fix the number and locatin of retail shops - Number of shops shall be fixed by the licensing authority under general or specific instructions issued by the State Government or by the Excise Commissiner from time to times. Location of shop shall be as per the provisions of "Uttar Pradesh Number and Location of Ex-cise". Shop Rules, 1968" as amended from time to time.

5. Priod of licence - The period of licence shall be for an excise year or part thereof for which the licence has been granted. The licence may be renewed on such

terms and conditions as may decided by the State Government.

6. **Grant of Licence** - The licence shall be granted on payment of licence fee and deposit of half the security amount.

7. **Application for grant of licence** - (a) Wherever a new licence is proposed to be granted in an area or locality the licensing authority shall invite the applications for the purpose after giving wide publicity thorough daily newspapers having circulation in that area.

(b) A list of the retail shops country liquor for which the Collector proposes to grant licence shall be exhibited alongwith shopwise licence fee. security amount and annual quantity at the Collerctor's office. Tehsil Offices and the officer of the Distirict Excise Officer and the Deputy Excise Commissioner of the charge.

(c) Application for grant for licence shall be made on prescribed form as appended to these rules.

(d) The last day to be fixed for the receipt of application shall not be earlier than such number of days as stipulated. with effect from the date of application of the advertisement in a newspaper.

8. **Eligibility conditions for applicant** - Eligible application for licence of a retail country shop must fulfil following conditions namely :-

(a) Be a citizen of India.

or

a partnership firm having not more than two partners and their partner are not partner in more than four such firms. Both the citizen of India. No change in partnership shall be allowed after allotment of shop (s). However, if a licene is jointly held by two partners in the event of death of either of them. the survivor alongwith the successor of deecased shall continue to hold the licence or in case of the death of both partners their successors partners may continue to hold the licence. No distinction will be made between the legal liabilities of the two partners who will be jointly and severally responsible.

(b) be above 21 years of age.

- (c) not be a defaulter / blacklisted or debarred from holding an excise licence under the provisions of any rules made under the Act.
- (d) submit an affidavit duly verified by notary public as proof the following namely -
 - (i) that he possesses or has an arrangement for taking on rent a suitable premises in the locality for opening the shop in accordance with the provisions of Uttar Pradesh Number and location of Excise Shop Rules, 1968 as amended from time to times.
 - (ii) that his proposed premises of the shop have not been constructed in violation of any law or rules.
 - (iii) that he and his family members possess good moral character and have no criminal background and have not been convicted of any offence punishable under United Provinces Excise Act, 1910 or Narcotics Drugs And psychotropic Substance Act, 1985 or any other law for the time being in force or any other cognizable and non-bailable offence.
 - (iv) That in case he is selected as licensee he will furnish certificate issued by Senior Superintendent of police Superintendent of police of districts of which he is the resident, showing that he as well as his family members possess good moral character and have no criminal background or criminal records, within thirty days of grant of licence.
 - (v) that he shall not employ any salesman or representative who has criminal background as mentioned in clause (iii) or who suffers from any infectious or contagious diseases or is below 21 years age or a woman :
 - (vi) that he is not in arrear of any public dues or Government dues :
- (e) furnish a bank draft drawn in favour of the District Excise Officer or Excise Commissioner issued from a Schedule Bank as earnest money. The amount of earnest money shall be as fixed by the Excise Commissioner. In case the applicant is selected as licensee, the earnest money shall be adjusted against the licence fee.

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1. Substituted by rule 2 of U. P. Excise (Settlement of licences for the retail sale of country liquor (First Amendment) Rules, 2001.
 2. Substituted by rule 3 of U. P. Excise (Settlement of licences for the retail sale of country liquor (First Amendment) Rules, 2001.

In other cases it shall be returned as such to the applicant as soon as the selection process is over.

9. **District level committee for licensing** - There shall be a district committee for selection of licensees for retail sale of country liquor. The committee shall consists of the following members, namely :-

- | | |
|---|--------------------|
| (i) The Collector of the District | Chairman |
| (ii) The Senior Superintendent of Police / the Superintendent of Police of the district | Member |
| (iii) One Gazetted Officer Of Excise Department nominated by the Excise Commissioner | Member |
| (iv) The District Excise Officer of the district | Member / Secretary |

10. **Selection of Licensee** - (a) The District Excise Officer shall prepare a list of all applications received with summary report to be put before the District Level Committee for licensing.

(b) The said committees shall select licensees from the list of applicants. In case more than one applicants are found suitable for any particular shop, the committee shall select the licensee for such shop by public lottery.

Provided that not more than two shops shall be allotted to a person. The names of those applicants shall be eliminated from the lists of the applicants of all remaining shops who have been selected for the two retail shops in the district.

(c) In case the selected applicant does not deposit the required amount and does not fulfil the prescribed formalities or is unable to arrange suitable premises for the shop within stipulated period, the Licensing Authority shall cancel the allotment and take steps for re-settlement of the shop.

(d) In case there is no application for a particular shop or no candidate is found suitable for a shop, the Licensing Authority shall take immediate steps for re-settlement of the shop.

11. **Statement of settled shops** - A statement of the settled shops alongwith names and addresses of the licensees, shopwise annual quantity details of security amount and licence fee deposited shall be sent by the District Excise Officer to the Excise

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1. Substituted by rule 4 of U. P. Excise (Settlement of licences for the retail sale of country liquor (First Amendment) Rules, 2001.

Commissioner within 15 days of the settlement.

12. *Payment of licence fee and security amount* - In case an applicant is selected as licensee, he shall deposit the entire amount of licence-fee and half the security amount within 3 days of being informed of his selection, and balance of security amount within next 20 days. If he fails to deposit the amount of licence- fee and security amount within prescribed period, his selection shall stand cancelled and his earnest money shall be forfeited in favour of the State Government and the said shop shall be resettled forthwith. The defaulter shall be debarred from holding any excise licence in future anywhere in the State. A consolidated list of such defaulters under this rule, alongwith their complete address shall be forwarded by the District Excise Officer to the Excise Commissioner, who will circulate the consolidated list of the State to all the Licensing Authority of the State.

13. *Lifting of liquor* - (a) The licensee under these rules shall obtain supplies of country liquor from any wholesale licence of the district after making full payment of cost price of country liquor including all taxes, duties and cess as levied from time to time. The licensee shall place indent at least 72 hours in advance to the wholesale licensee in the district from whom he intends to procure the supply of country liquor.

(b) The wholesale licences with whom the indent has been placed shall record the date and time of receipt of indent and shall ensure supply of the desired quantity of liquor within 48 hours of receipt of indent. If the whole sale supplier fails to supply liquor within 48 hours of receipt of indent the retail licensee will approach the Excise Inspector concerned. who will arrange the supply of indented quantity of liquor from any other wholesale licensee of the district. In case there is no country liquor available on any wholesale shop of the district, the District Excise Officer shall make alternative arrangements for the supply of indented quantity of country liquor from some other district within the charge where such supply available, within 24 hours of receipt of such indent.

14. *Lifting of minimum guaranteed quantity fixed for the month and consequences of failure* : (a) The licence is liable to lift the entire minimum monthwise guaranteed quantity during the month. The licensee shall make indent for the entire minimum monthwise guaranteed quantity fixed for that month alongwith cost of country liquor including all duties, taxes and cess, which must be submitted to the wholesale licensee by 25th day of the month. However, the licensee is free to lift proportionate plain country liquor in lieu of spiced country liquor.

1. Wrongly printed but corrected on the basis of Hindi Version.

(b) In case the retail licensee fails to submit the indent as per clause (a) the District Excise Officer shall immediately report the matter to the Licensing Authority, who shall suspend the licence and adjust the amount of duty leviable on the unlifted part of minimum monthwise guaranteed quantity fixed for that month, from the security amount and also issue a notice to the licensee, latest by the end of the month, to replenish the short fall in security amount within a week and also show cause as to why the licence should not be cancelled. If the licensee fails to deposit the amount of deficit in security amount and does not furnish suitable explanation within the stipulated period, the licence shall stand cancelled and the Licensing Authority shall take immediate steps to resettle the shop.

15. *Lifting of country liquor in excess of minimum monthwise guaranteed quantity :-* The licence may lift upto 20% in excess of monthwise minimum guaranteed quantity for the month on the same rate of duty, any further excess quantity shall be lifted on permission of additional Excise Duty as may be imposed.

16. *Maximum retail price* - The maximum retail price as fixed by Excise Commissioner on approval of the State Government, which shall be printed on the pouches as well as labels of bottles of country liquor. The licensee shall not charge from consumers more than the maximum retail price printed on pouches for labels or bottles.

17. *Hours of sale and closure of shops* - The licenced premises shall remain open for sale on all days from 10.00 a.m to 10.00 p.m. except on 14th April (Ambedkar Jayanti), 15 August (Independent Day), 2nd October (Gandhi Jayanti), 26th January (Republic Day) and upto 3 more days as notified for closure by the Licensing Authority. Licensing Authority may also order for closure of shop on account of law and order or General Election related activity under the provisions of relevant laws. No compensation shall be given for the closure of shop on above laws. No compensation shall be given for the closure of shop on above grounds.

18. *Disposal of balance stock left at the expiry of the licence* - Any balance of country liquor quantity found outstanding and unsold at the expiry of the term of licence shall be declared by the licensee to the Licensing Authority on the next day, and shall be returned by him to the concerned wholesale shop (s) of the district by 5.00 p.m. of the next date of expiry of licence, the licensee shall be entitled to get the refund of cost price only, excluding duty and other taxes. The disposal of such stock shall be made by the wholesale licensee as per orders of the Excise Commissioner in this regard.

19. *Surrender of licence* - A licensee may surrender his licence after giving atleast one month's notice in writing to the Licensing Authority under provisions of section 36 of the Act. On receipt of such application, the Licensing Authority will take steps

for recovering all outstanding excise dues from his security deposit and refund the balance after obtaining orders of the Excise Commissioner. The Licensing Authority shall also proceed for resettlement of the shop without delay for the remaining period of the excise year.

20. *Suspension and cancellation of the licence and penalties.* - (1) Licensing Authority may suspend or cancel the licence -

- (a) If any bottle or pouch is found in the licensed premises on which duty has not been paid and which does not carry security hologram duly approved by Excise Commissioner as a proof of payment of duty :
 - (b) If any other kind of liquor or intoxicating drug (for which licence is not granted) is found in the licenced premises.
 - (c) If the affidavit submitted by the licensee at the time of application is found incorrect and assertions made therein are found to be false :
 - (d) If the licensee fails to lift minimum monthwise guaranteed quantity during that month and also fails to replenish the shortfall in security deposit within the period prescribed :
 - (e) If the licensee is convicted of any offence punishable under the Act or any other law for the time being in force relating to revenue, or of any cognizable and non-bailable offence, or any offence punishable under narcotic Drugs and Psychotropic Substances Act, 1985 or of any offence punishable under section 482 to 489 of the Indian Penal Code and
 - (f) If any bottle or pouch is found in the licenced premises on which maximum retail price is not printed.
- (2) The Licensing Authority shall immediately suspend the licence and forfeit the security deposit on above mentioned grounds. The Licensing Authority will also serve a show cause notice for cancellation of licence and the licensee shall submit his explanation within 7 days of the receipt of notice. Thereafter the Licensing Authority will pass suitable orders after giving due opportunity of hearing to the licensee, if he so desires.
- (3) The licensee shall not be entitled to claim any compensation or refund for suspension or cancellation of licence under this rule.

- (4) In case the licence is cancelled on the above mentioned grounds the licensee may also be blacklisted and debarred from holding any excise licence in future.

21. *Recission and saving* - (i) THE UTTAR PRADESH EXCISE LICENSE (TENDER-CUM-AUCTION) RULES, 1991 published with Excise Commissioners saving notification no. 10702 / X - 97 B- License - 1991-92, dated February 23, 1991, amended upto date is hereby rescinded.

(ii) Notwithstanding such a recission settlement already executed for the shops of groups of shops of country liquor for the financial year 2000-2001 under the provisions of the rule referred to in sub-rule (i) shall remain valid and continue in force till March, 2001.

OFFICE OF EXCISE COMMISSIONER UTTAR PRADESH

No. 10806 / X - 97B / SANSADHAN

March 8, 2001

In exercise of the power under section 41 of the United Provinces Excise Act, 1910 (U. P. Act no. IV of 1910). read with section 21 of the Uttar Pradesh General Clauses Act, 1904 (U. P. Act No. 1 of 1904), the Excise Commissioner, Uttar Pradesh with the sanction of the State Government makes the following rules for determining consideration for and the manner of the grant of licence for exclusive privilege of retail sale of liquor (excluding beer and wine) under sections 24- A and 30 of the said Act on fixed licence fee in supersession of all previous rules published in this behalf to the extent of their inconsistency with these rules :

**THE UTTAR PRADESH EXCISE SETTLEMENT OF LICNCES FOR
RETAIL SALE OF FOREIGN LIQUOR, (EXCLUDING BEER AND WINE)
RULES, 2001**

1. **Short title and commencement** - (i) These rules may be called the "Uttar Pradesh Excise Settlement of licences for Retail Sale of Foreign Liquor (Excluding Beer and Wine) Rules, 2001."

(ii) They shall come into force from the date of their publication in the Gazette.

2. **Defiitions** - In these rules, unless there is anything repugnant in the subject or context :

- (a) "Act" means The United Provincees Excise Act, 1910 as amended from time to time :
- (b) "Foreign Liquor" means and includes spirit or liquors imported into India or spirit or liquor made in India, and sophisticated or coloured so as to resemble in flavour or colour liquor imported into India and includes Malt Sprit, Whisky, Rum, Brandy, Gin, Vodka and Liquors.
- (c) "excise year" means the financial year commercing from April 1 to March 31 of the next calendar year :
- (d) "Family" means and includes spouse (husband or wife) son (s), unmarried daughter (s) and dependent parents.

- (e) "form" means the form appended to these rules :
- (f) "Licensing Authority" means the Collector of the District :
- (g) licence fee means a sum fixed in consideration of the grant of the licence for exclusive privilege for selling of foreign liquor in a retail shop under Section 24-A of the Act as fixed by the Excise Commissioner in consultation with the State Government from time to time for the whole excise year or part thereof :
- (h) "security amount" means a sum equal to ten percent of the licence fee in cash to be deposited in Government Treasury as interest free security refundable after the final settlement of all the claims and dues to the State Government.
3. **Settlement of licences for retail sale :** (a) Subject to the provision of these rules and subject to the payment of licence fee and security amount of the retail shop for sale of foreign liquor shall be settled or resettled by fixed fee system as specified herein.
- (b) The licence shall be granted in the Form F. L . 5-D for retail sale of foreign liquor in sealed bottles for consumption "off" the premises.
4. **Power to the fix the number and locatin of retail shops -** Number of shops shall be fixed by the licensing authority under general or specific instructions issued by the State Government or by the Excise Commissiner from time to time. Location of shop shall be as per the provisions of "Uttar Pradesh Number and Location of Excise". Shop Rules, 1968" as amended from time to time.
5. **Priod of licence -** The period of licence shall be for an excise year or part thereof for which the licence has been granted. The licence may be renewed on such terms and conditions as may decided by the State Government.
6. **Grant of Licence -** The licence shall be granted on payment of licence fee and deposit of the security amount.
7. **Application for grant of licence -** (a) Wherever a new licence is proposed to be granted in an area or locality the Licensing Authority shall invite the applications for this purpose after giving wide publicity through daily newspapers having circulation in that area.

(b) A list of the retail shops foreign liquor for which the Collector proposes to grant licence shall be exhibited alongwith shopwise licence fee and security at the Collector's office. Tehsil Offices and the Office of the District Excise Officer and the Deputy Excise Commissioner of the charge.

(c) Applications for grant of licence shall be made on prescribed form as appended to these rules.

(d) The last date to be fixed for the receipt of application shall not be earlier than seven days with effect from the date of publication of the advertisement in a news paper.

8. ***Eligibility conditions for applicant*** - Eligible applicants for licence of a retail foreign liquor shop must fulfil following conditions namely :-

(a) be a citizen of India.

or

a partnership firm having not more than two partners and their partner are not partner in more than four such firms. Both be citizen of India. No change in partnership shall be allowed after allotment of shop (s). However if a licence is jointly held by two partner in the event of death of either of them, the survivor alongwith the successor of deceased shall continue to hold the licence or in case of the death of both partner their successors may continue to hold the licence. No distinction will be made between the legal liabilities of the two partners who will be jointly and severally responsible.

(b) be above 21 years of age.

(c) not be a defaulter / blacklisted or debarred from holding an excise licence under the provisions of any rules made under the Act.

(d) submit an affidavit duly verified by notary public as proof the following namely -

(i) that the possesses or has an arrangement for taking on rent a suitable premises in the locality for opening the shop in accordance with the provisions of Uttar Pradesh Number and Location of Excise Shop Rules, 1968 as amended from time to time.

- (ii) that his proposed premises of the shop have not been constructed in violation of any law or rules.
 - (iii) that he and his family members possess good moral character and have no criminal background and have not been convicted of any offence punishable under United Provinces Excise Act, 1910 or Narcotics Drugs And Psychotropic Substance Act, 1985 or any other law for the time being in force or any other cognizable and non-bailable offence.
 - (iv) That in case he is selected as licensee he will furnish certificate issued by Senior Superintendent of Police / Superintendent of Police of the district of which he is the resident, showing that he as well as his family members possess good moral character and have no criminal background or criminal records, within thirty days of grant of licence.
 - (v) that he shall not employ any salesman or representative who has criminal background as mentioned in clause (iii) or who suffers from any infectious or contagious diseases or is below 21 years of age or a woman :
 - (vi) that he is not arrear of any public dues or Government dues :
- (e) furnish a bank draft drawn in favour of the District Excise Officer or Excise Commissioner issued from a Scheduled Bank as earnest money. The amount of earnest money shall be as fixed by the Excise Commissioner. In case the applicant is selected as license, the earnest money shall be adjusted against the licence fee. In other cases it shall be returned as such to the applicant as soon as the selection process is over.

9. District Level Committee For Licensing - There shall be a district committee for selection of licensees for retail sale of foreign liquor. The committee shall consist of the following members, namely :-

- | | |
|--|--------------------|
| (i) The Collector of the District | Chairman |
| (ii) The Senior Superintendent of Police / the
Superintendent of Police of the district | Member |
| (iii) One Gazetted Officer Of Excise Department
nominated by the Excise Commissioner | Member |
| (iv) The District Excise Officer of the Uttar Pradesh | Member / Secretary |

10. **Selection of Licensee** - (a) The District Excise Officer shall prepare a list of all applications received with summary report to be put before the District Level Committee for licensing.

(b) The said committee shall select licensees from the list of applicants. In case more than one applicants are found suitable for any particular shop, the committee shall select the licensee for such shop by Public Lottery.

Provided that not more than two shops shall be allotted to a person. The names of those applicants shall be eliminated from the lists of the applicants of all remaining shops who have been selected for the two retail shops in the district.

(c) In case the selected applicant does not deposit the required amount and does not fulfil the prescribed formalities or is unable to arrange suitable premises for the shop within stipulated period, the Licensing Authority shall cancel the allotment and take steps for re-settlement of the shop.

(d) In case there is no application for a particular shop or no candidate is found suitable for a shop, the Licensing Authority shall take immediate steps for re-settlement of the shop.

11. **Statement of settled shops** - A statement of the settled shops alongwith names and addresses of the licensees, details of security amount and licence, fee deposited shall be sent by the District Excise Officer to the Excise Commissioner within 15 days of the settlement.

12. **Payment of licence fee and security amount** - In case an applicant is selected as licensee, he shall deposit the entire amount of licensee-fee and half the security amount within 3 days of being informed of his selection, and balance of security amount within next 20 days. If he fails to deposit the amount of licence fee and security amount within prescribed period, his selection shall stand cancelled and his earnest money shall be forfeited in favour of the State Government and the said shop shall be resettled forthwith. The defaulter shall be debarred from holding any excise licence in future anywhere in the State. A consolidated list of such defaulters under this rule, alongwith their complete address shall be forwarded by the District Excise Officer to the Excise Commissioner, who will circulate the consolidated list of the State to all the Licensing Authority of the State.

13. **Lifting of liquor** - (a) The licensee under these rules shall obtain supplies of foreign liquor from any wholesale licence of the charge after making full payment of cost price of foreign liquor including all taxes, duties and cess as levied from time to time. If any specific / particular brand of foreign liquor is not available in whole sale licence or licences of his charge the same may be procured from any other whole sale licence of zone with prior permission of the Deputy Excise Commissioner of his charge.

14. **The Maximum retail price** - The maximum retail price as fixed by Excise Commissioner on approval of the State Government, which shall be printed on the labels of bottles of foreign liquor. The licensee shall not charge from consumers more than the maximum retail price printed on the labels of bottles.

15. **Hours of sale and closure of shops** - The licenced premises shall remain open for sale on all days from 10.00 a.m to 10.00 p.m. except on 14th April (Ambedkar Jayanti), 15 August (Independent Day), 2nd October (Gandhi Jayanti), 26th January (Republic Day) and upto 3 more days as may also notified for closure by the Licensing Authority. Licensing Authority may also order for closure of shop on account of law and order or General Election related activity under the provisions of relevant laws. No compensation shall be given for the closure of shop on above grounds.

16. **Disposal of balance stock left at the expiry of the licence** - Any balance of foreign liquor quantity found outstanding and unsold at the expiry of the term of licence shall be declared by the licensee to the Licensing Authority on the next day, and shall be returned by him to the concerned wholesale shop (s) of the district by 5.00 p.m. of the next date of expiry of licence, The licensee shall be entitled to get the refund of cost price only, excluding duty and other taxes. The disposal of such stock shall be made by the wholesale licensee as per orders of the Excise Commissioner in this regard.

17. **Surrender of licence** - A licensee may surrender his licence after giving atleast one month's notice in writing to the Licensing Authority under provisions of section 36 of the Act. On receipt of such application, the Licensing Authority will take steps for recovering all outstanding excise dues from his security deposit and refund the balance after obtaining orders of the Excise Commissioner. The Licensing Authority shall also proceed for resettlement of the shop without delay for the remaining period of the excise year.

18. *Suspension and cancellation of the licence and penalties.* - (1) Licensing Authority may suspend or cancel the licence :

- (a) If any bottle is found in the licensed premises on which duty has not been paid and which does not carry security hologram duly apporoved by Excise Commissiner as a proof of payment of duty :
 - (b) If any other kind of liquor or intoxiciating drug (for which licence is not granted) is found in the licenced premises.
 - (c) It the affidavit submitted by the licensee at the time of application is founds incorrect and assertions made therein are found to be false :
 - (d) If the licensee is convicted of any offence punishable under the Act or any other law for the time being in force relating to revenue, or of any cognizable and non-bailable offence, or any offence punishable under narcotic Drugs and Psychotropic Substances Act. 1985 or of any offence punishable under section 482 to 489 of the Indian Penal Code and
 - (e) If any bottle is found in the licenced premises on which maximum retail price is not printed.
- (2) The Licensing Authority shall immediately suspend the licence and forfeit the security deposit on above mentioned grounds. The Licensing Authority will also serve a show cause notice for cancellation of licence and the licensee shall submit his explation within 7 days of the receipt of notice. Thereafter the Licensing Auhtority will pass suitable orders after giving due opportunity of hearing to the licensee, if he so desires.
- (3) The licensee shall not be entitled to claim any compensation or refund for suspension or cancellation of licence under this rule.
- (4) In case the licence is cancelled on the above mentioned grounds the licensee may also be blacklisted and debarred from holding any excise licence in future.

19. *Recission and saving* - (i) THE UTTAR PRADESH EXCISE LICENSES (TENDER-CUM-AUCTION) RULES, 1991 published with Excise Commissioner's saving notification no. 10702 / X - 97 B- License - 1991-92, dated February 23, 1991, amended upto date is hereby rescinded.

(ii) Notwithstanding such a rescission settlement already executed for the shops of groups of shops of foreign liquor for the finacial year 2000-2001 under the provisions of the rule referred to in sub-rule (i) shall remain valid and continue in force till March, 2001.

OFFICE OF EXCISE COMMISSIONER UTTAR PRADESH

No. 12011 / X - Licence - 77
Allahabad dated March 21, 2001

In exercise of the power under section 41 of the United Provinces Excise Act, 1910 (U. P. Act no. IV of 1910). read with section 21 of the Uttar Pradesh General Clauses Act, 1904 (U. P. Act No. 1 of 1904). the Excise Commissioner, Uttar Pradesh with the sanction of the State Government makes the following rules for determining consideration for and the manner of the grant of licence for exclusive privilege for retail sale of Beer under sections 24- A and 30 of the said Act on fixed licence fee in supersession of all previous rules published in their behalf to the extent their inconsistency with these rules :

**THE UTTAR PRADESH EXCISE (SETTLEMENT OF LICENCES FOR
RETAIL SALE OF BEER) RULES, 2001**

1. **Short title and commencement** - (i) These rules may be called the "Uttar Pradesh Excise (Settlement of licences for Retail Sale of Beer) Rules, 2001."

(ii) They shall come into force from the date of their publication in the Gazette.

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

- (a) "act" means The United Provinces Excise Act, 1910 as amended from time to time :
- (b) "beer" includes ale, stout, porter, cider and all other fermented liquors made from malt having alcoholic strength 5% v/v upto 8% v/v.
- (c) "excise year" means the financial year commencing from April 1 to March 31 of the next calendar year :
- (d) "Family" means and includes spouse (husband or wife) son (s), unmarried daughter (s) and dependent parents.
- (e) "form" means the form appended to these rules :
- (f) "Licensing Authority" means the Collector of the District :
- (g) "licence fee" means a sum fixed in consideration of the grant of the licence for exclusive privilege for selling of beer in a retail

shop under Section 24-A of the Act as fixed by the Excise Commissioner in consultation with the State Government from time to time for the whole excise year or part thereof :

- (h) "security amount" means a sum as fixed by state Government be deposited in Government Treasury as interest free security refundable after the final settlement of all the claims and dues to the State Government.

3. **Settlement of licences for retail sale :** (a) Subject to the provision of these rules and subject to the payment of licence fee and security amount of the retail shop for sale of beer shall be settled or resettled by fixed fee system as specified herein.

(b) The licence shall be granted in the Form F. L. 5-B for retail sale of beer in sealed bottles for consumption "off" the premises, on payment of licence fee and deposit of security amount in advance.

4. **Power to fix the number and locatin of retail shops** - Number of shops shall be fixed by the Licensing Authority under general or specific instructions issued by the State Government or by the Excise Commissioner from time to time. Location of shop shall be as per the provisions of "Uttar Pradesh Number and Location of Excise". Shop Rules, 1968" as amended from time to time.

5. **Period of licence** - The period of licence shall be for an excise year or part thereof for which the licence has been granted.

6. **Renewal of Licence** - (1) The licence granted under these rules may be renewed for such period, and on such terms and conditions as decided by the State Government from time to time.

(2) (a) The licences granted to persons, who were selected under rule 4 of the Uttar Pradesh Excise (Settlement of Licences For Retail Sale of Beer) Rules, 2000, shall be renewed for an excise year on payment of licence fee and fulfilment of such other terms and conditions as may be required.

(b) The licences granted to persons under proviso to clause (e) of rule 2 of the Uttar Pradesh Excise (Settlement of Licences for Retail Sale of Beer) Rules, 2000, shall not be renewed and shall expire on the expiry of their term.

7. **Application for grant of licence** - (a) Wherever a new licence is proposed to be granted in an area or locality, the Licensing Authority shall invite the applications

for this purpose after giving wide publicity through daily newspapers having circulation in that area.

(b) A list of the retail shops of beer for which the Collector proposes to grant licence shall be exhibited alongwith shopwise licence fee and security at the Collector's office, Tehsil Offices and the office of the District Excise Officer and the Deputy Excise Commissioner of the charge.

(c) Applications for grant of licence shall be made on the form appended.

8. ***Eligibility conditions for applicant*** - Eligible applicants for licence of a retail beer shop must fulfil following conditions namely :-

(a) be a citizen of India.

or

a partnership firm having not more than two partners and their partners are not partners in more than four such firms. Both be citizen of India. No change in partnership shall be allowed after allotment of shop (s). However if a licence is jointly held by two partners in the event of death of either of them, the survivor alongwith the successors of deceased shall continue to hold the licence or in case of the death of both partners their successors may continue to hold the licence. No distinction will be made between the legal liabilities of the two partners who will be jointly and severally responsible.

(b) be above 21 years of age.

(c) not be a defaulter / blacklisted or debarred from holding an excise licence under the provisions of any rules made under the Act.

(d) submit an affidavit duly verified by notary public as proof the following namely -

(i) that he possesses or has an arrangement for taking on rent a suitable premises in the locality for opening the shop in accordance with the provisions of Uttar Pradesh Number and Location of Excise Shop Rules, 1968 as amended from time to time.

(ii) that his proposed premises of the shop have not been constructed in

violation of any law or rules.

- (iii) that he and his family members possess good moral character and have no criminal background and have not been convicted of any offence punishable under United Provinces Excise Act, 1910 or Narcotics Drugs and Psychotropic Substance Act, 1985 or any other law for the time being in force or any other cognizable and non-bailable offence.
- (iv) That in case he is a selected as licensee he will furnish certificate issued by Senior Superintendent of Police / Superintendent of Police of the district of which he is the resident, showing that he as well as his family members possess good moral character and have no criminal background or criminal records, within thirty days of grant of licence.
- (v) that he shall not employ any salesman or representative who has criminal background as mentioned in clause (iii) or who suffers from any infectious or contagious diseases or is below 21 years of age or a woman :
- (vi) that he is not in arrear of any public dues or Government dues :
- (e) furnish a bank draft drawn in favour of the District Excise Officer or Excise Commissioner issued from a Scheduled Bank as earnest money. The amount of earnest money shall be as fixed by the Excise Commissioner. In case the applicant is selected as licensee, the earnest money shall be adjusted against the licence fee. In other cases it shall be returned as such to the applicant as soon as the selection process is over.

9. District Level Committee for Licensing - There shall be a District Level Committee for selection of licensees for retail sale of beer. The committee shall consist of the following members, namely :-

- | | |
|--|--------------------|
| (i) The Collector of the District | Chairman |
| (ii) The Senior Superintendent of Police / the
Superintendent of Police of the district | Member |
| (iii) The District Excise Officer of the district | Member / Secretary |

10. Selection of Licensee - (a) The District Excise Officer shall prepare a list of all applications received with summary report to be put before the District Level Committee for licensing.

(b) The said committees shall select licensees from the list of applicants. In case more than one applicants are found suitable for any particular shop, the committee shall select the licensee for such shop by public lottery.

Provided that not more than two shops shall be allotted to a person. The names of those applicants shall be eliminated from the lists of the applicants of all remaining shops who have been selected for the two retail shops in the district.

(c) In case the selected applicant does not deposit the required amount and does not fulfil the prescribed formalities or is unable to arrange suitable premises for the shop within stipulated period, the Licensing Authority shall cancel the allotment and take steps for re-settlement of the shop.

(d) In case there is no application for a particular shop or no candidate is found suitable for a shop, the Licensing Authority shall take immediate steps for resettlement of the shop.

11. **Statement of settled shops** - A statement of the settled shops alongwith names and addresses of the licensees, details of security amount and licence, fee deposited shall be sent by the District Excise Officer to the Excise Commissioner within 15 days of the settlement.

12. **Payment of Licence fee and security amount** - In case an applicant is selected as licensee, he shall deposit the entire amount of licensee-fee and half the security amount within 3 days of being informed of his selection, and balance of security amount within next 20 days. If he fails to deposit the amount of licence fee and security amount within prescribed period, his selection shall stand cancelled and his earnest money shall be forfeited in favour of the State Government and the said shop shall be resettled forthwith. The defaulter shall be debarred from holding any excise licence in future anywhere in the State. A consolidated list of such defaulters under this rule, alongwith their complete address shall be forwarded by the District Excise Officer to the Excise Commissioner, who will circulate the consolidated list of the State to all the Licensing Authority of the State.

13. **Lifting of Beer** - The licensee under these rules shall obtain supplies of beer from any wholesale licence (FL - 2 or FL - 2B) of the charge after making full payment of cost price of beer including all taxes, duties and cess as levied from time to time. If any specified particular brand of beer is not available in wholesale licence or licences of his charge, the same may be procured from any other wholesale licence of other charge with prior permission of the Deputy Excise Commissioner of his charge.

14. Hours of sale and closure of shops - The licenced premises shall remain open for sale on all days from 10.00 a.m to 10.00 p.m. except on 14th April (Ambedkar Jayanti), 15 August (Independent Day), 2nd October (Gandhi Jayanti), 26th January (Republic Day) and upto 3 more days as notified for closure by the Licensing Authority. Licensing Authority may also order for closure of shop on account of law and order or General Election related activity under the provisions of relevant laws. No compensation shall be given for the closure of shop on above grounds.

15. Disposal of Balance Stock left at the expiry of the licence - Any balance of beer quantity found outstanding and unsold at the expiry of the term of licence shall be declared by the licensee to the Licensing Authority on the next day, and shall be returned by him to the concerned wholesale shop (s) of the district by 5.00 p.m. of the next date of expiry of licence, the licensee shall be entitled to get the refund of cost price only, excluding duty and other taxes. The disposal of such stock shall be made by the wholesale licensee as per orders of the Excise Commissioner in this regard.

16. Surrender of licence - A licensee may surrender his licence after giving atleast one month's notice in writing to the Licensing Authority under provisions of section 36 of the Act. On receipt of such application, the Licensing Authority will take steps for recovering all outstanding excise dues from his security deposit and refund the balance after obtaining orders of the Excise Commissioner. The Licensing Authority shall also proceed for resettlement of the shop without delay for the remaining period of the excise year.

17. Suspension and cancellation of the licence and penalties. - (1) Licensing Authority may suspend or cancel the licence -

- (a) If any bottle is found in the licensed premises on which duty has not been paid and which does not carry security hologram duly approved by Excise Commissioner as a proof of payment of duty :
- (b) If any other kind of liquor or intoxicating drug (for which licence is not granted) is found in the licenced premises.
- (c) If the affidavit submitted by the licensee at the time of application is found incorrect and assertions made therein are found to be false :
- (d) If the licensee is convicted of any offence punishable under the Act or any other law for the time being in force relating to revenue, or of any cognizable and non-bailable offence, or any offence punishable under

narcotic Drugs and Psychotropic Substances Act, 1985 or of any offence punishable under section 482 to 489 of the Indian Penal Code and

- (2) The Licensing Authority shall immediately suspend the licence and forfeit the security deposit on above mentioned grounds. The Licensing Authority will also serve a show cause notice for cancellation of licence and the licensee shall submit his explanation within 7 days of the receipt of notice. Thereafter the Licensing Authority will pass suitable orders after giving due opportunity of hearing to the licensee, if he so desires, within next 7 days.
- (3) The license shall not be entitled to claim any compensation or refund for suspension or cancellation of licence under this rule.
- (4) In case the licence is cancelled on the above mentioned grounds the licensee may also be blacklisted and debarred from holding any excise licence in future.

18. Recission and saving - (i) THE UTTAR PRADESH EXCISE (SETTLEMENT OF LICENCE FOR RETAIL SALE OF BEER) RULES, 2000 published with Excise Commissioner, Notification No. 182235 / X - 97 B- License / 2000-01, dated 31st March 2000 amended up-to-date is hereby rescinded.

(ii) Notwithstanding such a recission settlement already executed for the shops of groups of shops of Beer for the financial year 2000-2001 under the provisions of the rule referred to in sub-rule (i) shall remain valid and continue till 31st March, 2001.

C - Rule of relating to wholesale vend of foreign liquor (other than denatured spirit) as amended by U. P. Excise (wholesale vend of foreign liquor) (eighth amendment) Rules, 2001)

1. (1) Licences for wholesale vend for foreign liquor shall be of four classes viz -

- (a) In Form F. L. 1 for wholesale vend by manufacturers of their own produce to wholesale vendors save that brewers holding licence in Form F. L. 1 may issue beer to troops or regimental units and to canteen tenants licence, directly under their licence.

Note : Beer when issued as above to troops will be assessed at the rate of three paise per litre. No fee will, however, be levied on issues to canteens.

- (b) In Form F. L. 2 (appended) for wholesale vend to whole sale and retail vendors.
- (c) In Form F. L. 2A (appended) for wholesale vend to military wholesale and retail vendors.
- (d) In Form F. L. 2 - B (appended) for wholesale vend of beer only to wholesale and retail vendors.

(2) (a) Licences in Form F. L. 1, F. L. 2, F. L. 2-A or F. L. 2-B shall be granted by the Excise Commissioner on payment of the fixed fee and security amount as notified by the State Government from time to time in this behalf.

Deleted

(b) In the case of grant of new Licence of any of the Form F. L. 1 or F. L. 2-A, or whenever any existing Licence of any of the above categories is vacated (including the mutation of names) and its continuance and settlement with some other party is considered necessary the case should first be referred to the State Government with full justification for the same for their approval. After receipt of State Government approval further action may be taken for the selection of the grantee strictly in accordance with rules on the subject.

(c) Licence in Form F. L. 2 (appended) shall be granted district-wise on payment of fixed Licence fee and security deposit. The Licence in Form F. L. 2 may be granted to one or more licencees holding F. L. 3 or F. L. 3-A Licence in the State or such other person (s) who :

(i) is a resident of Uttar Pradesh

or

a partnership firm having not more than two partners who are residents of Uttar Pradesh. No change in partnership shall be allowed after allotment of shop (s). However if a licence is jointly held by two partners, in the event of death of either of them, the survivor alongwith the successor of deceased shall continue to hold the licence or in case of the death of both partners their successors may continue to hold the licence. No distinction will be made between the legal liabilities of the two partners who will be jointly and severally responsible.

- (ii) is, in case of individuals, be above 21 years of age.
- (iii) is not a defaulter / blacklisted or debarred from holding an excise licence under the Act the rules .
- (iv) submit an affidavit duly verified by notary public as proof the following namley -
 - (1) That he possesses or has an arrangement for taking on rent a suitable premises for opening the shop in accordance with the provisions of Uttar Pradesh Number and Location of Excise Shop Rules, 1968 as amended from time to time.
 - (2) that his proposed premises of the shop have not been constructed in violation of any law or rules.
 - (3) that he and his family members possess good moral character and have no criminal background and have not been convicted of any offence punishable under United Provinces Excise Act, 1910 or Narcotics Drugs and Psychotropic Substance Act, 1985 or any other law for the time being in force or any other cognizable and non-bailable offence.
 - (4) That in case he is a selected as licensee he shall furnish a certificate issued by Senior Superintendent of the Police / Superintendent of Police of the district of which he is the resident, showing that he as well as his family members possess good moral character and have no criminal background or criminal records, before grant of licence.

(5) that he shall not employ any salesman or representative who has criminal background as mentioned in clause (iii) or who suffers from any infectious or contagious diseases or is below 21 years of age or a woman :

(6) that he is not in arrear of any public dues or Government dues :

(v) does not possess any licence for retail sale of country liquor, foreign liquor or Beer.

(d) The licensee shall procure supplies of Foreign Liquor in bottles having security Hologram, approved by the Excise Commissioner applied on them, from distilleries who are licensed manufactures of Foreign Liquor or Bonded Foreign Liquor Ware - house after full payment in advance of Excise Duty and such other levies, taxes or cess as leviable from time to time.

(e) (1) A Licence holder holding a Licence in Form F. L. 2 shall sell Foreign Liquor within the limits of the district for which Licence is granted unless otherwise permitted by the Deputy Excise Commissioner Charge to sell it to any other district under his charge.

(2) A licensee holding a Licence in Form F. L. 2 may sell Foreign Liquor to a retail vendor holding bar Licence in Form F. L. 6 Composite F. L. 6-A Composite, F. L. 7, F. L. 7-B or F. L. 7-C (Club Bar Licence) within the jurisdiction of the Joint Excise Commissioner Zone to sell it anywhere in Uttar Pradesh to retail vendor holding bar Licence in Form F. L. 6 Composite, F. L. 6-A Composite, F. L. 7, F. L. 7-B or F. L. 7-C (Club Bar Licence).

CHAPTER - 7 BONDED PHARMACIES

Bonded Pharmacies : *Basis of duty*

7.1 The levy of duty of medicinal and toilet preparations containing alcohol, opium, Indian hemp or other narcotic drug or narcotic falls within the legislative purview of the Constitution of India. The Parliament enacted the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 and the Central Government framed the Medicinal and Toilet preparations and the levy of duty thereon. The State Excise Department, however, administers the above Act and Rules for the purpose of levy and collection of duties on medicinal and toilet preparations and retain the proceeds thereof.

Salient features of Medicinal and Toilet Preparations (Excise Duties) Act, 1955

7.2 Some the important features of the Act and Rules made thereunder are follows :

Licence necessary for manufacturing

(i) Under Section 6 Medicinal and Toilet Preparation Act, no dutiable goods can be manufactured without an appropriate licence granted in accordance with the Rules framed thereunder. However, the manufacture of medicinal and toilet preparations which do not contain alcohol but contain narcotic drugs or narcotics and fall within the definition of "manufactured drugs", as given in Dangerous Drugs Act, 1930, has been exempted from the purview of the Medicinal and Toilet Preparations Act. The licences for the manufacture of dutiable goods are issued on furnishing the necessary security and on payment of the prescribed fee, as laid down in Rules 83 and 96 of the Medicinal and Toilet Preparations (Excise Duty) Rules, 1956.

Manufacture in Bond

(ii) (a) Where the medicinal and toilet preparation are manufactured in bond the excise duty is leviable in the State in which such goods are released from a bonded warehouse, for home consumption, whether such State is the State of manufacture or not.

Manufacture not in bond

(b) Where the medicinal and toilet preparations are not manufactured in bond, the duty is leviable in the State in which such goods are manufactured .

[Section 3 of Medicinal and Toilet Preparation (Excise Duties) Act, 1955].

Restricted and unrestricted preparations

(iii) (a) The duty leviable on medicinal and toilet preparations has been prescribed in the schedule to Section 3 of the Medicinal and Toilet Preparation Act, 1964. For the purposes of levy of duty, the medicinal preparations have been classified into two broad categories, viz, restricted preparations i. e. capable of being consumed as ordinary alcoholic beverages and unrestricted preparations. The rate of duty on the restricted preparations is higher than that on the unrestricted preparations.

Classification determined by Central Government

(b) The classification of medicinal and toilet preparations into restricted and unrestricted preparations is done by the Central Government on the advice of a Standing Committee. The constitution and function of the Standing Committee are detailed in Rule 68 of the Medicinal and Toilet preparation Rules. However, all medicinal preparations other than official allopathic preparations which are manufactured in India on or after 01-04-1957 are presumed to be restricted preparations and chargeable to duty at the rate of Rs. 15.50 per L. P. litres, unless declared to the contrary by the Central Government on the advice of the Standing Committee.

Bonded pharmacies obtain spirit without payment of duty

(iv) Bonded pharmacies obtain rectified spirit without payment of duty from the distilleries and are required to pay duty on medicinal and toilet preparations containing alcohol etc, as and when issues of medicines are taken from the Manufactory.

Duty-free issues

(v) Duty - free issues of Medicinal preparations are allowed from bonded factories or warehouses under Rule 7 of the medicinal and Toilet Preparation (Excise Duties) Rules, 1956, to the following institutions :

- (a) Hospitals and dispensaries working under the supervision of the Central or State Government.
- (b) Hospitals and dispensaries subsidized by the Central or State Government.
- (c) Charitable hospitals and dispensaries under the administrative control and management of local bodies.

- (d) Medical stores depots of the Central or any State Government.
- (e) Every other institution certified by the Principal Medical Officer of the district in which such institutions situated, as supplying medicines free to the poor.
- (vi) the duty or charges short-levied or erroneously refunded, is recoverable from whom the duty charged or to whom the refund was erroneously made within six months from the date on which duty was paid or from the date of making the refund, as the case may be.

Refund claim within six months

- (vii) No refund of duties or charges erroneously paid, is allowable, unless a written claim is preferred within six months from the date of such payment.

Exports

- (viii) Medicinal toilet preparations may be exported out of India either under bond i.e. without pre-payment of duty or after the having been paid, in which case the exporter is entitled to a rebate of duty on furnishing proof of export.

Export to be duty free

- (a) Dutiable goods may be exported out of India without payment of duty, from a warehouse or a bonded manufactory, provided that export is made in accordance with the procedure laid down vide Rules 97 to 103 of Medicinal and Toilet Preparations (Excise Duties) Rules, 1956 and the owner enters into a bond in form B-3, with such surety and under such conditions, as the Excise Commissioner may approve.

Proof of export necessary

- (b) When any person authorised to export dutiable goods in bond fails to furnish proof of such export to the satisfaction of Excise Commissioner, he is liable to pay forthwith the duty leviable on such goods and also liable to penalty up to twice the amount of duty, subject to a maximum of Rupees two thousand.

Claim for rebate within one month

- (c) The procedure for export of duty-paid medicinal and toilet preparations

by the owner of a non-bonded manufactory or by a wholesaler is laid down in Rules 97 to 102 of the Medicinal and Toilet Preparation Rules. A claim for rebate of duty would be entertained, only if such claim is preferred within a month from the date of issue of the certificate of the officer, who examined the goods at the post office of port of export, or the frontier, as the case may be (Rule 103).

Records of Bonded Pharmacies

7.3 *Manufacture of medicinal and toilet preparations and records maintained in the bonded pharmacies :*

- (i) All spirits received from the distillery under bond, for manufacture of medicines, are entered in BM - I Register of Receipts of spirit. The spirit received from the distillery is then taken to store vats and the account thereof is maintained in BM - 2 vat account. The stock account of the spirit, is maintained in RG - II Stock Register in which all receipts, issues and closing balance of spirit are shown. The actual physical balance at the close of the month is also taken, to find out the storage wastage :

The Excise Commissioner, Uttar Pradesh has allowed storage wastage of 0.5% of rectified spirit in the bonded pharmacies under Rules 28 of the Medicinal and Toilet Preparation Rules, 1956. Excess storage wastage beyond the permissible limit, shall be included in the excess wastage statement and sent to the Excise Commissioner for charging duty thereon.

In case of any accidental loss of alcohol in a bonded manufactory, otherwise than by theft, the officer-in-charge shall institute necessary enquiry, without delay, to ascertain the cause of such loss. If such loss is found to be beyond the control of the licensee, the duty on the alcohol so lost shall be remitted with the approval of the Excise Commissioner or any Excise Officer subordinate to him, specially empowered in this behalf.

[Rule 39 of M. T. P. Rules (ED), 1956]

Duty on excess transit wastage in bonded pharmacies

- (ii) Issues of rectified spirit from distillery to the bonded pharmacies are regulated under paragraph 792 (4) of the U. P. Excise Manual Volume - I. Before any issue takes place, forms PD - 15 and PD - 16 should be filled in. The duty on any excess transit wastage noticed will be regulated under paragraph 814 of the

[Excise Commissioner's Letter N. 7211/24 - 104, dated 17-07-1972]

Wastage in transit of rectified spirit

If, in any particular case, it is proved to the satisfaction of the Excise Commissioner that the loss is bonafide and not due to negligence or connivance on the part of the manufacturer, the duty payable in respect of such loss may be waived in full or in part, based on the merits of the case.

In the audit of bonded pharmacies, it should be seen that the excess wastage statements been prepared and duty has been correctly charged on transit and storage wastage in excess of the prescribed limit.

[Rule 19 of M. T. P. (ED) Act, 1955]

Verification of rectified spirit received

Consignments of rectified spirit received under bond shall be verified in volume and strength and the receipt of such supply shall be entered in register in form RG - 2. Duty at the full rate as provided in the U. P. Excise Act and Rules shall be paid by the licensee of the bonded manufactory into a Government treasury, on receipt of a demand from the officer-in-charge and a copy of the treasury receipt shall be sent to the distillery officer, who shall thereupon make the necessary adjustment in his registers.

[Rule 27 of M. T. P. (ED) Rules, 1956]

- (iii) Whenever the bonder requires spirit from the spirit store, for the purpose of manufacturing spirituous medicinal preparation, he puts an application in form RQ - 1 stating therein, the quantity of spirit required batch number and the name of medicines. The Account of issue of these spirits and the quantity of finished medicinal preparations manufactured therefrom are maintained in RG - III Register of operation, in the bonded manufactory.
- (iv) When any batch of medicine is prepared, declaration is made by the bonder, as to the strength of alcohol contained therein. A sample from the batch is, at the same time, sent to the Chemical Examiner of the State Government for analysis and determination of the strength. Excess of strength up to 2 degrees over that declared by the bonders, would not call for any action. If, however, the variation

is more than 2 degrees above the strength declared by the bonder, the duty on the future issues of the medicined would be regulated on the bases of strength of spirit as determined by the Chemical Examiner. The true strength, as ascertained by the Chemical Examiner is also entered in the batch account in RG- III register. The arrears of duty is also levied and realised on issues of medicines made prior to the receipt of Chemical Examiner's report, if the strength declared by Chemical Examiner is on the higher side. The account of samples sent to the Chemical Examiner and his reports are kept in BM - 3 Register of samples sent to the Chemical Examiner. If, however, the alcoholic strength of a preparation is found by the Chemical Examiner to exceed the highest limit by more than 3 proof degrees or to be below the lowest allowable limit, its issue from the bonded manufactory is to be withheld (Rule 38).

- (v) The account of finished products i. e. medicines is kept in RG - 4 Register of Medicines of furnished products. All the medicines manufactured are entered in this register and the issue and closing balance is shown here. Monthly stock taking of medicines is also done by the officer-in-charge and if shortage of medicine is noticed, duty is levied on that shortage at penal rates not exceeding double the rates of duty prescribed.

Deposit of duty in advance

- (vi) The bonders deposit the amount of duty in advance in lump sum, the account of which is kept in BM - 6 Register of advance accounts. As and when medicines are issued from the manufactory, duty on those issues are calculated and adjusted against the advance deposit of the bonder. The issues from the bonded manufactory is made on presentation of an application in form AR - II.

Audit Checks in Bonded Pharmacies

7.4 Audit checks : The following points should be seen while auditing the accounts of bonded pharmacies :

- (i) That the medicines manufactured have been correctly classisfied into restricted and unrestricted categories and that correct rates of duty are being charged, as prescribed in the Schedule to Section 3 of the Medicinal and Toilet Preparations Act, 1955.
- (ii) That in the case of medicinal preparations other than official allopathic preparations manufactured on or after 1st April 1957, duty is being charged at rate of Rs. 15.50 per London proof litre, unless these have already been

categorised by the Central Government, as unrestricted preparations.

- (iii) That the deposit of duty in advance deposit account with reference to treasury challans has been correctly entered in the register, and deductions on account of duty levied with reference to application of issue of medicines in form AR - 2 and Register of daily issues of medicines (BM - 4) have been correctly made.
- (iv) That all the receipts and issues of spirit have been correctly taken into account.
- (v) That necessary action has been taken to charge the duty in case of variations of strength of spirit, on the higher side, noticed as result of Chemical Examiner's report.
- (vi) That proper accounts of finished products have been kept. For this purpose, it has to be seen that all the medicines shown as manufactured in RG - III register have been taken to RG - IV Register of finished products and entries in the AR - II are correctly posted and closing balance accurately worked out.
- (vii) In case of issue of duty-free preparations, the manufacture must produce to the officer - in - charge a receipt signed by the proper Medical Officer acknowledging the receipt of each consignment, within three months of the date dispatch. If it appears that any such consignment was not received by the consignee, the case needs to be reported to the Excise Commissioner and pending the receipt of order of the Excise Commissioner, duty-free issues to that consignee is stopped. In case a shortage is discovered at the destination, the manufacturer is liable to pay duty on such shortage at the rate prescribed for rectified spirits when used for medicinal purposes. This aspect also needs to be examined in audit.
- (viii) That in case of failure of the manufacture to furnish proof of export of dutiable goods, the duty leviable on such goods and penalty, if any, is recoverable from the manufacturer.
- (ix) The figures as disclosed in the return of Trade Tax / Income Tax may be correlated, with a view to seeing that no part of the turnover has escaped from payment of duty, fee etc. The relevant figures so collected may be passed to the audit parties of Trade Tax / Income Tax, for crosscheck.
- (x) Excess wastage statements should be examined, in order to see that the duty has been correctly charged on such wastage.

CHAPTER - 8

EXCISE COMMISSIONER'S OFFICE

Audit of Excise Commissioner's Officer

8.1 While conducting audit of the office of the Excise Commissioner, the following points should be seen :

Write off

(a) **Write off cases :** Write off cases need to be examined thoroughly, with a view to ascertaining that all possible steps were taken to effect recovery of Government dues and that write off of revenues was recommended only after chances of recovery had become remote. It may also be examined whether the Government whether the Government revenues were rendered irrecoverable due to non-observance of Rules by the Departmental officials or there was some lacuna in the Rules.

Allotment of export

(b) **Export allotment to distilleries :** As stated in paragraph 3.74 of Chapter - III of this manual, the allotment of spirit for export out of India after meeting the requirements of State, is made by the Excise commissioner. In audit, it is to be seen that necessary indemnity bond was executed by the exporter of spirit and action to recover the duty and penalty, if any, was taken in case of non-receipt of Customs Certificate as proof of export within the prescribed time, or on infringement of any of the conditions of bond.

(c) **Other function of the Excise Commissioner :** The Excise Commissioner as head of the Excise Department of the State Government, performs the following coordinating functions :

- (i) The excess wastage statements in respect of storage / transit and other wastage of spirit occurring in the distilleries, warehouse and pharmacies are submitted to him for orders. In audit, it is to be checked that orders on these statements are passed expeditiously to facilitate early realisation of duty involved therein.
- (ii) Final assessment of licence fee on vend of foreign liquor is made annually by the Excise Commissioner, on basis of Statement showing the sales made by each licensee, which is submitted to him each year by the District Excise Officer of every district. It should be seen in audit, that final assessments are completed as early as possible and sanction of

the Excise Commissioner for final assessment is communicated to the District Excise Officers for realisation of difference of licence fee, if any.

- (iii) All supply contracts and auction cases also need to be examined thoroughly.

CHAPTER - 9 OFFENCE AND PENALTIES

Penalties under the Excise Act

9.1 The following penalties for various offences have been prescribed under U. P. Excise Act / Medicinal and Toilet preparations Act :

Penalty for default in payment of Government Dues

1. ***Penalty on licensed vendor for default in payment of instalments of licence fee*** : Under para 285 of the Excise Manual, Volume - I, the penalty for such default is forfeiture of the advance deposit and cancellation of the licence. Proceedings may also be started against the defaulter for realisation of deficit amount, as if it were an arrear of land revenue

Penalty for failure in supplies

2. ***Penalty for failure to supply spirit or drugs from warehouse to licensed vendors*** : Under para 466 of the Excise Manual, Volume - I, in the event of contractor failing to supply spirit demanded by retail licensed vendors, the Excise Commissioner may impose a penalty of Rs. 17-50 per A. L. of spirit demanded but not supplied.

Penalty for unlawful import, export, transport, manufacture, possession, sale etc.

3. Whoever, in contravention of U. P. Excise Act or of any Rule or order made under this Act, or of any licence permit or pass obtained under U. P. Excise Act :
 - (a) imports, exports ; transports or possesses any intoxicant ; or
 - (b) manufactures any intoxicants ; or
 - (c) cultivates any hemp plant (*cannabis savita*) or
 - (d) collects or sell any portion of the hemp plant from which any intoxicating drug can be manufactured ; or
 - (e) constructs or operates any distillery or brewery ; or
 - (f) uses, keeps or has in his possession any material, stills, utensils, implements or apparatus, whatsoever, for the purposes of manufacturing any intoxicant other than Tari ; or
 - (g) removes any intoxicant from any distillery, brewery or warehouse, licensed, established or continued under this Act ; or
 - (h) bottles any liquor for purposes of sale ; or

- (i) sells any intoxicant, save in the case provided for by Section 61 of the Excise Act ; or
- (j) taps or draws Tari, from any Tari-producing tree in areas notified under Section 42, of the Excise Act.

Shall be punished with imprisonment, which may extend to two years or with fine or with both.

Provided that, in the case of conviction for an offence under clause (b), a sentence of not less than three months imprisonment shall, in the absence of special and adequate reasons to the contrary to be mentioned in the judgement of the Court, be passed.

Penalty for possession of intoxicant unlawfully imported

- 4. Whoever, without lawful authority, has in his possession any quantity of any intoxicant, knowing the same to have been unlawfully imported, transported or manufactured or knowing the prescribed duty not to have been paid thereon, shall be punished with imprisonment for a term which may extend to three months, or with fine which may extend to one thousand Rupees, or with both.

Penalty for rendering denatured spirit fit for human consumption

- 5. Whoever renders or attempts to render fit for human consumption, any spirit whether manufactured in India or not, which has been denatured, or has in his possession any denatured spirit, which has been rendered fit for human consumption, or in respect of which any attempt has been made to render it fit, shall be punished with imprisonment for a term which may extend to two years, and in the absence of special and adequate reasons to the contrary to be mentioned in the judgement of the Court, shall not be less than six months, and shall also be punishable with fine which may extend to two thousand Rupees.

Penalty for certain acts by licensee or his employee

- 6. Whoever, being the holder of a licence, permit or pass granted under Excise Act, or being in employment of such holder and acting on his behalf :
 - (a) fails to produce such licence permit or pass on the demand of any Excise Officer or of any other officer duly empowered to make such demand ; or

- (b) in any case not provided for in Section 60, of Excise Act, willfully contravenes any Rule made under Section 40 of the Excise Act, or
- (c) willfully does or omits to do any thing, in breach of any of the conditions of the licence, permit or pass not otherwise provided for in the U. P. Excise Act.

Shall be punishable for each such offence with fine which may extend to five hundred Rupees.

Penalty for other offences

7. *Penalty for offences not otherwise provided for* : Under Section 68 of U. P. Excise Act, 1910, a person guilty of any act or of intentional omission, in contravention of any of the provisions of that Act or of any Rule or order made under that Act, and not otherwise provided for in the Act, is liable to be punished for each such act or omission with fine which may extend to Rs. 500.
 8. If any person contravenes any of the provisions of a notification issued under Section 6 of the Medicinal and Toilet Preparations Act, 1955, or evades the payment of any excise duty payable under the Act or fails to supply any information which he is required by Rules made under the Act, or supplies false information etc, is punishable for every such offence, with imprisonment for a term which may extend up to six months or with fine which may extend up to two thousand Rupees or with both.
 9. Under Rule 17 of the Medicinal and Toilet Preparations Rules, 1956, when any person authorised to export dutiable goods in bond fails to furnish proof of such export, he is required forthwith to pay the duty leviable on such goods and is also liable to a penalty up to two thousand Rupees.
 10. A breach of the medicinal and Toilet preparations Rules, 1956, where no other penalty is provided for, is punishable with a penalty, which may extend to one thousand Rupees.
- 9.2 Where any excise revenue has not been paid within three mnths from the date on which it becomes payable, interest at such rate not exceeding 24 percent per annum, as may be prescribed, shall be payable from the date such excise revenue becomes payable till the date of actual payment :

Provided that until a higher rate is prescribed, the rate of interest will be 18

percent per annum. Provided further that in respect of an excise revenue which became payable before the commencement of the U. P. Excise (Amendment) Act, 1985, interest at the said rate shall be payable from the date of such commencement, if the excise revenue is not paid within 3 months of the said date.

[Vide Gazette Notification No. 529 (2) XVII-V-I-I-(Ka) 16-1985, dated 29-03-1985]

CHAPTER - 10 SEARCHES , SEIZURE AND CONFISCATIONS

Power of Arrest, Seizure and Detention

10.1 Powers of arrest, seizure and detention : Any Officer of the Excise, Police, Salt, Opium, or Land Revenue departments, not below such rank and subject to such restriction as the State Government may prescribe, and any other person duly empowered in this behalf, may without warrant, arrest any person found committing an offence punishable under sections 60, 62, 63 or 65 of the U. P. Excise Act. He may also seize and detain any intoxicant or other articles, which he has reason to believe is liable to confiscation under this Act or any other law for the times being in force, relating to excise revenue. He may also detain and search any person having possession of any vessel, vehicle, animal, package, receptacle or covering, upon which he may have reasonable cause to suspect to be in violation of the above sections of the Excise Act.

[Section 50 of U. P. Excise Act]

Issue of warrant of arrest

10.2 Power of Collector to issue warrant of arrest : The Collector may issue a warrant for arrest of any person, whom, he has reason to believe, to have committed any offence punishable under sections 60, 62, 63 or 65 of the U. P. Excise Act.

Search Warrant

[Section 51 of U. P. Excise Act]

10.3 Power of Collector or Magistrate to issue search warrant : If a Collector or a Magistrate, upon information obtained, has reason to believe that an offence punishable under sections 60, 62, 63 or 65 of the U. P. Excise Act has been or is likely to be committed, he may issue a warrant for the search for any intoxicant, material, still, utensil, implement or apparatus, in respect of which the alleged offence has been or is likely to be committed.

[Section 52 of U. P. Excise Act]

Search without warrant

10.4 Power of Collector or Excise Officer to search without warrant : Whenever the Collector or an officer of the Excise Department not below such rank as the State Government may prescribe, or a Police officer not below the rank of an officer-in-

charge of a police station, has reasons to believe, that an offence punishable under sections 60, 61, 62, 63 or 65 of the U. P. Excise Act, has been, is being or is likely to be committed, in any place, and that a search warrant cannot be obtained without affording the offender an opportunity to escape or of concealing evidence of the offence, he may, at any time, by day or night, enter and search such place :

Provided that, any officer other than Collector taking action under this sub-section, shall before entering such place, record the grounds of his belief as aforesaid.

[Section 53(1) of U. P. Excise Act]

Further Powers

10.5 Further powers of seizure, detention, search and arrest : The Collector or other officer as aforesaid, may seize anything found in such place, which, he has reasons to believe to be liable to confiscation under this Act and may detain and search and, if he thinks proper, arrest, any person found in such place, whom he has reasons to believe to be guilty of such offence as aforesaid.

[Section 53(2) of U. P. Excise Act]

Procedure to arrest etc.

10.6 Procedure relating to arrest, searches etc : The provisions of the Code of Criminal Procedure, 1898, shall be held to be applicable, for all the actions taken under the above sections of the Excise Act, i.e. actions relating to arrests, searches warrants, production of persons arrested and investigation into offences :

Provided that, an offence punishable under section 60, 61, 62 or 65 may be investigated into, without the orders of a magistrate, and that any warrant issued by the Collector under section 51 or 52 may be executed by any officer selected by the Collector for that purpose.

[Section 54 (1) of U. P. Excise Act]

Power to enter and inspect

10.7 Power to enter and inspect places of manufacture and sale : The Excise Commissioner, or a Collector, or any officer of the Excise Department not below such rank as the State Government may prescribe, or any police officer duly empowered in

that behalf, may enter and inspect, at any time by day or by night, any place, in which any licensed manufacturer carries on the manufacture of, or stores, any intoxicant. He may enter and inspect at any time within the hours, during which sale is permitted, and at any other time during which the same may be open, any place, in which any excisable article is kept for sale by any licensed person, and may examine, test, measure or weigh any materials, stills, utensils, implements, apparatus or intoxicants found in such place, and seize any measures weight or testing instruments, which he has reasons to believe, to be false.

[Section 48 of U. P. Excise Act]

Things liable to confiscation : *Confiscation of articles etc.*

10.8 The following things, articles etc. are liable to confiscation, whenever an offence punishable under the U. P. Excise Act has been committed :

- a. Every intoxicant, in respect of which such offence has been committed.
- b. Every still, utensil, implement or apparatus and all materials, by means of which such offence has been committed.
- c. Every intoxicant lawfully imported, transported, manufactured, held in possession or sold alongwith, or in addition to, any intoxicant liable to confiscation under clause (a).
- d. Every receptacle, package and covering, in which any intoxicant as aforesaid, is stored, or any materials, stills, utensil, implement or apparatus is found, together with the similar articles, liable to confiscation under clause (b)
- e. Every animal, cart, vessel or other conveyance used in carrying such receptacle or package, shall be liable to confiscation.

[Section 72 (1) of U.P. Excise Act]

Option to pay fine

10.9 When in the trial of any offence punishable under this Act, the Magistrate decides that anything is liable to confiscation under sub-section (1), he may order for confiscation.

Provided that, in lieu of ordering confiscation, he may give the owner of the thing liable to be confiscated, an option, to pay such fine as he thinks fit.

[Section 72 (2) of U.P. Excise Act]

Further provisions for confiscation

10.10 When anything mentioned in clause (a) and (b) of Section 72, sub-section (i), is found in circumstances which afford reason for believing that an offence punishable under this Act has been committed, in respect or by means thereof, or when such an offence has been committed and the offender is not known or cannot be found, the Collector may order confiscation of such thing and of any other thing or animal found or used therewith, which is liable to confiscation under Section 72.

Provided that, no such order shall be made until the expiration of one month from the date of seizing of the thing or animal in question, or without hearing the person (if any) claiming any right thereto, and the evidence (if any) which he produces in support of his claim :

Provided further that, if the thing in question is liable to speedy and natural decay, or if the Collector is of the opinion that the sale of the thing or animal in question would be for the benefit of its owner, the Collector may at any time direct it to be sold, and the provisions of this section shall, so far as may be, apply to the net proceeds of such sale.

[Section 73 of U. P. Excise Act]

Powers to compound offences

10.11 Any excise officer specially empowered by the State Government in that behalf may accept from any person whose licence, permit or pass is liable to be cancelled or suspend under clause (a) or clause (b) sub-section (1) of Section 34, or who is reasonably suspected to have committed an offence punishable under Section 64 or 68, a sum of money not exceeding Rs. 5000, in lieu of such cancellation or suspension or by way of compounding of the offence which may have been committed, as the case may be. He may, in all cases, in which any property liable to confiscation under this Act has been seized, release the same on payment of the value thereof, as estimated by such officer.

On payment of such sum of money or such value of both as the case may be, to

such officer, the accused person, if in custody, shall be discharged, the property seized shall be released and no further proceedings shall be taken against such person or property.

[Section 74 of U. P. Excise Act]

Disposal of confiscated goods by auction

10.12 Any animal or thing other than intoxicants which may be confiscated, shall be sold by public auction and the proceeds credited to the Government Account (039-State Excise Penalties).

[Section 305 of U. P. Excise Act]

Disposal of confiscated intoxicant of value exceeding Rs. 5

10.13 If the value of any confiscated intoxicant exceeds Rs. 5, it shall be made over to the Collector, for disposal in the following manners :

- a. If lawfully manufactured liquor in sealed bottles is confiscated, a report shall be made to the Excise Commissioner for orders, as to its disposal. All other liquor shall be destroyed.
- b. If the confiscated ganja and bhang are of the variety and quality supplied to the licensed vendors of the area, these shall be made over to the supply contractor of hemp drugs, for deposit in the nearest bonded ware house on payment of the prescribed price.

However, if the confiscated ganja or bhang are of illicit origin or are unfit for issue, these shall be destroyed in the presence of the Excise Magistrate.

- c. Confiscated *charas* shall be destroyed in the presence of the Excise Magistrate.

[Rule 307 of Excise Act]

CHAPTER - 11 MISCELLANEOUS PROVISIONS

Appeal before Excise Commissioner

11.1 Appeal : An appeals shall lie to the Excise Commissioner from an order of a Collector. An order of the District Excise Officer shall be deemed to be an order of the Collector, for this purpose. The Collector has the right to confirm or modify any order of the District Excise Officer, but this right can not be exercised in respect of any order of the District Excise Officer against which an appeal has already been preferred to the Excise Commissioner.

[Rule 134 of U. P. Excise Rules]

11.2 A petition of appeal shall be presented within thirty days of the order, either direct to the Excise Commissioner or to authority against whose order the petition is made, for transmission to the Excise Commissioner.

Revisions

[Rule 135 of U. P. Excise Rules]

11.3 Revisions : Any person aggrieved by an order of the Excise Commissioner or the Collector, may make an application to the State Government for revision of such order. The application for revision shall be made to the State Government within six months of the order of Collector or Excise Commissioner as the case may be. No application for revision against the order of the Collector will be entertained, unless appeal had been filed and disposed off by the Excise Commissioner.

[Rule 138 of U. P. Excise Rules]

Recovery of Government dues

11.4 Recovery of Excise Revenue : All excise revenue, including all amounts due to the Government by any person on account of any contract relating to the excise revenue, may be recovered from the person primarily liable to pay the same, or from his surety (if any) as arrears of land revenue or in the manner provided for the recovery of public demands by any Law for the time being in force. In case of default made by a holder of a licence, the Collector may take the grant for which the licence has been given under managment at the risk of the defaulter, or may declare the grant forfeited and resell it at the risk and loss of the dafaulter. When a grant is under managment under this section, the Collector may recover as excise revenue, any money due to the defaulter, by any lessee or assignee.

Provided that, no licence fee for an exclusive privilege granted under Section 24 of the U. P. Excise Act, shall be forfeited or re-sold, without the sanction of the authority granting the licence.

[Section 39 of the U. P. Excise Act]

Interest

If excise dues are not paid within the specified time (3 months), they can be recovered as arrears of land revenue as provided in the Rules. The Act also provides for levy of interest at a specified rate (*Presently 18 percent per annum*) on beatled payment of excise dues.

[Section 39-A of the Act, as effective from 29-03-1985]

Exemptions

11.5 The State Government may by notification and subject to such conditions, as it may think fit to prescribe, exempt any person or class of persons, or any intoxicant wholly or partly, from the operation of all or any of the provisions of this Act or of all any Rules made under this Act, either throughout Uttar Pradesh or in any specified area comprised therein, or for any specified period or occasion.

[Section 76 of U. P. Excise Act]

Remissions

11.6 Remissions : If all efforts for realization of outstanding dues prove to be of no avail, and if it is felt that further efforts are also likely to be unsuccessful, the case should be examined jointly by the District Excise Officer and the Excise Commissioner, and concerted drive initiated for realization of the arrears. Should these efforts also prove infructuous and futility of pursuing the matter further is finally established, the District Excise Officer will prepare a detailed report of the case giving the date on which the default occurred, the steps taken for recovery and the reasons which precluded success, and will send the same promptly to the Excise Commissioner, along with a statement in form G-31. The latter will examine the case personally during his next visit to the district and forward the report to the Collector with his comments.

If the Collector finally considers that the arrears are beyond all hopes of recovery, he will add his own observations and forward the report to the Excise

Commissioner recommending remission of arrear dues.

Power of Remission

[Rule 177 of U. P. Excise Rules]

11.7 The remission of all irrecoverable balance not exceeding Rs. 2,000 may be sanctioned by the Excise Commissioner. Cases involving higher amounts shall be reported by the Excise Commissioner for the orders of the State Government. As soon as the Collector receives intimation of sanction for remission of an irrecoverable balance, he shall cause it to be written of in register G-1, 2, 3 or 4 as the case may be, and shall also inform the Tehsildar, who will cause it to be written off in the Excise ledger. This will be done by entering the amount remitted, and the number and date of the sanctioning order, in the remarks column.

[Rule 178 of U. P. Excise Rules]

11.8 Proposal for remissions other than those of irrecoverable balances must be reported to the Excise Commissioner, who, if he supports them, will forward the same for the orders of the State Government.

[Rule 179 of U. P. Excise Rules]

Failure to pay advance deposit

11.9 Cases in which a person whose bid has been accepted at auction and fails to pay his advance deposit, are not be reported as cases for remission of an irrecoverable balance. Such a default is not a balance and is not recoverable as an arrear of revenue. In such a case, the contract must be re-sold, the price so obtained being entered as the demand. The only legal method of recovering a loss accruing on re-sale is a civil suit against the defaulter.

[Rule 180 of U. P. Excise Rules]

Refunds

11.10 Refunds : Refunds of revenue may be sanctioned by the Collector, but in cases of doubt, a reference should be made to the Excise Commissioner for orders. All refunds should be noted against the original payment in the remarks column of the register in which the payment was noted, forms G-1, 2, 3, 4 and 6 as the case may be.

[Rule 181 of U. P. Excise Rules]

APPENDICS

APPENDIX - I

SCHEDULE OF LICENCE FEE

(With effect from 23 January 2004)

(a) Licence work of a distillery (PD - 1 or PD - 2)	Licence fees at the rate of Rs. 25/- per kilolitre of installed production capacity in advance for the year or part thereof for which the licence is to be granted (Prior to 23-1-2004 at the rate of Rs. 15 per kilolitre on installed production capacity)
(b) Security to be furnished by every distillery	Security of Rs. 5 lakh in cash and Rs. 15 lakh fixed deposit receipt pledged in the name of Excise Commissioner (Rs. 1 Lakh prior to 23-1-2004)

APPENDIX - II

STACTURE OF TAXATION

STATEMENT I-A

(Rates of Duty and Licence fee on Country spirit)

Year	Rates of duty / still head duty on plain / spiced Country spirit		Export Duty	Licence fee
	Plain Country spirit	Spiced Country sprint		
2000-01	Re 1 x 25/36 BL (25% V/V)	Re 1 per BL (36 % V / V)	Rs. 4.00 per A.L	Shops settled under tender - cum-auction system New Excise policy was introduced from the Excise year 2001 - 02 for C.L. fore foreign liquor beer but for b h a n g shops : tender - cum-auction system still continued
2001-02	Rs. 36.00 per BL (25% V/V vide notification 869 dated 31 March 2001)	Rs. 60=00 per BL (36%V/V) vide notification 869 dated 31 March 2001)	- do -	
2002-03	Rs. 48. 00 per BL (25%V/V) Rs. 53. 65 per BL (28%V/V) Rs. 69. 00 per BL (36%V/V) Rs. 82. 00 per BL (42.8%V/V)	Vide Excise Commissioner U P order no. 8248 Das licence 69/ MRP/CL 2002-03 dated 1.7.2002	- do -	
2003-04	Rs. 54. 86 per BL (25%V/V) Rs. 79. 00 per BL (36%V/V) (28% V/V and 42.8% V/V discontinued)		- do -	
2004-05	Rs. 43. 89 per BL (20%V/V) Rs. 54. 861 per BL (25%V/V) Rs. 79. 00 per BL (36%V/V) Rs. 93. 922 per BL (42.8%V/V)		Rs. 2.00 per A.L	
2005-06	The some rates continued		Rs. 10.00 per A.L	

STATEMENT I-B

(Rates of Duty and Licence Fee on Tari)

Year	Tax for tari in Deoria, Gorakhpur, Basti, Gazipur, Azamgarh, Balia, Mirzapur and Jaunpur districts	Tax for Varansi District	Tax for Khajure in district mentioned in Column - 2	Tax for Khajure in Varansi	Surcharge for each tree Tari / Khajure		Mode of settlement of shop
1	2	3	4	5	6		7
1991- 92 and onwards	Rs. 50 per tree	Rs. 60 per tree	Rs. 30 per tree	Rs. 40 per tree	Rs. 25 per tree	Rs. 15 per tree	Shop settled under auction system

STATEMENT I - C

[Part I]

(Rates of Duty / Fee for foreign liquors and wines)

Year	Duty on IMFL (in UP)	Export duty on IMFL	Duty on wines	Concessional duty on Military Rum
2000-01	Rs. 48=00 per A.L.	Rs. 2.67 Per A.L.	-	Rs. 43.00 per A.L.
2001-02	Category wise fixed (as per appendix III)	- do -	-	Rs. 40.00 Per A.L.
2002-03	- do - - do -	- do -	-	Rs. 40 Per A.L.
2003-04	- do - - do -	- do -	-	Half of the rate of civil for F L 9 / 9A
2004-05	- do - - do -	- do -	-	- do -
2005-06	- do - - do -	- do -	-	- do -

STATEMENT I - C

[Part II]

(Fixed Fee)

Year	FL-1 licence FL -A "	FL - 2 Licence	FL-2A	FL-2B	FL-2D
2000-01	Rs. 250,000 per annum or part thereof	<p>(i) For districts having total licence fee up to one crore for all FL - 5 shops for the entire excise year or part thereof of Rs. 4,00,000 per annum or part thereof</p> <p>(ii) For districts having total licece fee more than one crore and upto three crore for all FL - 5 shops for the entire year or part thereof of Rs. 6,50,000 for per annum or part thereof.</p> <p>(iii) For districts having total licence fees more than three crore up to 5 crore for all FL- 5 shops for the entire Excise year o r part them of Rs. 11,00,000 per annum or part them of.</p> <p>(iv) For district having total licence more than 5 crore for the entire excise year</p>	Rs. 2,50,000 per annum or part thereof	Rs. 3,00,000 per annum or part thereof	- -

		or part there of Rs 13,50,000 per annum or part there of			
2001-02	Rs. 2,50,000 per annum or part there of	Rs. 2,50,000 Annual		Rs. 2,00,000 per annum or part there of	-
2002-03	Rs. 2,50,000 per annum or part there of	Rs. 2,50,000 Annual		Rs. 2,00,000 do	-
2003-04	Rs. 2,50,000 per annum or part there of	Rs. 3,00,000 Annual		Rs. 2,00,000 do	-
2004-05	Rs. 2,50,000 per annum or part there of	Rs. 5,00,000 Annual		Rs. 2,00,000 do	-
2005-06	Rs. 2,50,000 per annum or part there of	Rs. 5,00,000 Annual		Rs. 2,00,000 do	Rs. 50,000.00 per annum

STATEMENT I - D

(Licence Fee)

Year	Duty on on beer porter, cider and other fermented liquor	Export duty on Beer	Licence Fee			FL-5A composite licence fees		
			FL - 9 per quart Bottle	FL - 9A per quart Bottle				
					FL- 6, A, composite, FL- 7 FL- 7B and FL- 7C licence fee			
1	2	3	4	5	6	7	8	9
2000-01	Beer 5% V/V Rs. 11. 55 per B. L. Beer 8% V/V strong Rs. 23.10 per B.L.	Rs. 0.50 per B. L.	Rs.30=00 per quart Bottle	Concessional rate Rs. 18. 00 per quart Bottle	FL 6 composite licence based on classification of hotels A (i) Not exceeding 30 Rooms	Hotels situated in the area of Agra Nigam in which contoment Board and Development authority are included	Hoties situated nagan Nigam at Kanpur, Allahabad, Varansi, Noida Barely, Meerut, Moradabad, Ghagiabad, Aligarh, Buland Shahe Jhansi, Mathura, including contoment board or development authority if any	In districts other than mentioned in column 7 & 8
2000-01-02	Rs.12=00 per Bottle (5% V/V) RS.22.00 per Bottle (8% V/V) (Excise Commissioner's order No 13387)	do	Half of the civil duty	Rs. 40=00 per quart Bottle		Rs. 4,50,000	Rs. 4,50,000	Rs. 3,50,000
2002-03	Rs. 15.00 per Bottle (5% V/V) Rs. 27.00 per Bottle (Govt. order 729 dated - 14-3-02)	do	Half of the civil duty	do	(ii) Exceeding 30 but not exceeding 100 Rooms	Rs. 5,75,000	Rs. 5,75,000	Rs. 4,00,000
2003-04	Rs. 25.38 per B. L. (5% V/V)	do	Rs. 40=00 per Bottle	Rs. 40=00 per bottle	(iii) 100 or exceeding 100 Rooms	Rs. 7,00,000	Rs. 7,00,000	Rs. 6,50,000

	Rs. 45.15 per B. L. 8% V/V				(B) FL-8A composite (four or five stars hotels)	Rs. 8,00,000	Rs. 8,00,000	Rs. 7,75,000
2004-05	Rs. 18.50 per Bottle (650 ML) or Rs. 25.38 per BL (5% V/V) Rs. 30 per Bottle (650 ML) or Rs. 45.85 per BL (8% V/V)	Rs. 1.00 Per B. L.	Half of the civil duty	Half of the civil duty	(C) For FL 7 For FL 7-B	Rs. 500,000 Rs. 75,000	Rs. 4,50,000 Rs. 75,000	Rs. 3,50,000 Rs. 50,000
					Licence fee for above revised Govt order 751 dated 9 April 2001			
					(A) FL 8 Composite fees	2001 - 02 to 2004 - 05		
					(i) Not exceeding 30 Rooms	Rs. 3,25,000	Rs. 3,25,000	Rs. 2,50,000
2005-06	do	Rs. 1 per B. L.	Half of the civil duty	Half of the civil duty	(ii) Exceeding 30 but not exceeding 100	Rs. 4,00,000	Rs. 4,00,000	Rs. 2,75,000
					(iii) 100 or exceeding 100	Rs. 5,00,000	Rs. 5,00,000	Rs. 4,50,000
					(B) FL 8A Composite (four or five stars hotels)	Rs. 5,50,000	Rs. 5,50,000	Rs. 5,25,000
					(c) For FL 7	Rs. 3,50,000	Rs. 3,25,000	Rs. 2,50,000
					(D) For FL 7B	Rs. 75,000	Rs. 75,000	Rs. 50,000
					(E) For FL 7c (club Bar)			
					(i) up to 100 Members	Rs. 50,000	Rs. 50,000	Rs. 50,000
					(ii) Exceeding 100 but not exceeding 500 members	Rs. 1,10,000	Rs. 1,10,000	Rs. 1,10,000
					(iii) Exceeding 500 members	-	-	-
					Licence fee for above revised vide Govt order No 726 LKO dated 9 March 2005			
					(A) FL 8 Composite licence			
					(i) Not Exceeding 30 rooms	Rs. 3,60,000	Rs. 3,60,000	Rs. 2,85,000

				(i) Exceeding 30 but not exceeding 100	Rs. 4,35,000	Rs. 4,35,000	Rs. 2,85,000
				(ii) 100 or exceeding 100	Rs. 5,85,000	Rs. 5,85,000	Rs. 310,000
				(b) FL 6A Composite (four or five stars hotels)	Rs. 5,85,000	Rs. 5,85,000	Rs. 5,60,000
				(c) For FL 7	Rs. 3,85,000	Rs. 3,60,000	Rs. 2,85,000
				(D) For FL 7B	Rs. 1,10,000	Rs. 1,10,000	Rs. 85,000
				(E) For FL . 7C (club Bar)			
				(i) Not exceeding 100 Members	Rs. 85,000	Rs. 85,000	Rs. 85,000
				(ii) Exceeding 100 but not exceeding 500 members	Rs. 1,17,000	Rs. 1,17,000	Rs. 1,17,500
				(iii) Exceeding 500 members	Rs. 145,000	Rs. 1,45,000	1,45,000

STATEMENT I - E**(Part I)***(Rate of tax, vend fee and licence fee on Denatured / Rectified spirit and absolute)*

year	Vend fee	Administrative levy (special denatured spirit)	Licence			Purchase tax
			Whole sale F - 16	Retail F - 17	FL - 39 40, 41	
1	2	3	4	5	6	7
	From 25-10-89 No vend fee is recoverable (Supreme Court) Judgement dated 25-10-89	Rs. 0.10 per litre	(i) From 15-2-97 18% advalorem	From 15-2-97 : advalorem fee	In case of export Denaturation fee for all type of denatured spirit (FL-16,17,39,40 41 and power Alcohol) has been fixed 15 paise per B. L.	From 24-3-94 : Re. 0.80 per litre on purchase up to 10 lakh litre and re. 0.40 per litre beyond 10 lakh litres. From 1-4-2005 above category was rescinded and Rs. 0.80 per litre is now chargeable

STATEMENT I - E**(Part II)***(Rate of export fee on rectified Spirit, Foreign liquor, Denatured spirit etc)*

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
1- Rectified spirit (For human consumption)	Rs. 2.25 per B.L.	Rs. 2.25 per B.L.	Rs. 2.25 per B.L.	Rs. 2.25 per B.L.	Rs. 2.50 per B.L.	Rs. 2.50 per B.L.
2- Rectified spirit (For industrial purpose)	Rs. 2.25 per B.L.	Rs. 2.25 per B.L.	Rs. 2.25 per B.L.	Rs. 2.50 per B.L.	Rs. 2.50 per B.L.	Rs. 2.50 per B.L.
3- E. N. A.	Rs. 2.50 per B.L.	Rs. 2.50 per B.L.	Rs. 2.50 per B.L.	Rs. 2.50 per B.L.	Rs. 3.00 per B.L.	Rs. 3.00 per B.L.
4- Denatured spirit (For industrial purpose)	Re. 0.50 per B.L.	Re. 0.50 per B.L.	Re. 0.50 per B.L.	Re. 0.50 per B.L.	Re. 1.00 per B.L.	Re. 1.00 per B.L.
5- Country spirit	Rs. 4.00 per A.L.	Rs. 4.00 per A.L.	Rs. 4.00 per A.L.	Rs. 4.00 per A.L.	Rs. 2.00 per A.L.	Rs. 2.00 per A.L.
6- Foreign liquor (in Bottled)	Rs. 2.67 per A.L.	Rs. 2.67 per A.L.	Rs. 2.67 per A.L.	Rs. 2.67 per A.L.	Rs. 2.67 per A.L.	Rs. 2.67 per A.L.
7- Foreign liquor (in B. L.)	Rs. 5.00 per B.L.	Rs. 5.00 per B.L.	Rs. 5.00 per B.L.	Rs. 5.00 per B.L.	Rs. 5.00 per B.L.	Rs. 5.00 per B.L.
8- Beer	Re. 0.50 per A.L.	Re. 0.50 per A.L.	Re. 0.50 per A.L.	Re. 0.50 per A.L.	Re. 1.00 per A.L.	Re. 1.00 per A.L.
9- Rum	Re. 0.72 per A.L.	Re. 0.72 per A.L.	Re. 0.72 per B.L.	Re. 0.72 per B.L.	Re. 0.72 per B.L.	Re. 0.72 per B.L.
10- Malt spirit	Rs. 5.00 per A.L.	Rs. 5.00 per B.L.	Rs. 5.00 per B.L.	Rs. 5.00 per A.L.	Rs. 5.00 per A.L.	Rs. 5.00 per A.L.
11- Bhang	Rs. 2.13 per k g.	Rs. 2.13 per k g.	Rs. 2.13 per k g.	Rs. 4.00 per k g.	Rs. 4.00 per k g.	Rs. 4.00 per k g.

STATEMENT I - G

(Rate of Duty and licence Fee on Bhang, Hemp drugs and opium)

Year	Bhang	Settlement of shops
2000-01	Rs. 20 per Kg	Shops settled under tender cum-auction
2001-02	Rs. 20 per Kg	- do -
2002-03	Rs. 20 per Kg	- do -
2003-04	Rs. 20 per Kg	- do -
2004-05	Rs. 20 per Kg	- do -
2005-06	Rs. 20 per Kg	- do -

Note - Ganja, opium etc are not under the control of the Excise Department

APPENDIX - III

Excise duty on foreign sprits and wine (category wise referred to statement I - C (Part I))

(i) Year 2001-2002

Notification No - 868 E 2 / Thirteen 2001-1/2001 T. C. dated 31 March 2001

4 (a) All other shorts of spirit and wine except		Rate of duty per Bulk Litre
(i) Denatured spirit and		
(ii) Alcohol / Rectified spirit issued to Bonded / unbonded Pharmacies licenced under the Medicinal and Toilet preperation (Excise Duty, Act 1955)		
(1) Bottle of 750 ml, Priced up to Rs. 12.00		Rs. 93.33
(2) Bottle of 750 ml priced more than 12.00 and up to Rs. 20.00		Rs. 108.0
(3) Bottle of 750 ml priced more than Rs. 20.00 and up to Rs. 35.00		Rs. 140.00
(4) Bottle of 750ml priced more than Rs. 35.00 and up to Rs. 55.00		Rs. 160.00
(5) Bottle of 750 ml priced more than Rs. 55.00 and up to Rs. 75.00		Rs. 200.00
(6) Bottle of Rs. 750 ml priced more than Rs. 75.00 and up to Rs. 150.00		Rs. 240.00
(7) More than Rs. 150.00		Rs. 320.00
(8) More than Rs. 250.00 (Scotch Made in India)		Rs. 400.00

(ii) Year 2002-2003

Notification No - 776 E 2 / XIII 2002-1/2002 dated 19 March 2002

4 (a) All other sorts of spirit and wine except	Rate of duty per Bulk Litre
(i) Denatured spirit and	
(ii) Alcohol / Rectified spirit intended to Bonded / Unbonded Pharmacies licenced under the Medicinal and Toilet preparation (Excise Duty, Act 1955)	
(1) Bottle of 750 ml, Priced up to Rs. 20.00	Rs. 112.00
(2) Bottle of 750 ml priced more than 20.00 and up to Rs. 25.00	Rs. 128.00
(3) Bottle of 750 ml priced more than Rs. 25.00 and up to Rs. 35.00	Rs. 148.00
(4) Bottle of 750ml priced more than Rs. 35.00 and up to Rs. 45.00	Rs. 160.00
(5) Bottle of 750 ml priced more than Rs. 45.00 and up to Rs. 55.00	Rs. 172.00
(6) Bottle of 750 ml priced more than Rs. 55.00 and up to Rs. 75.00	Rs. 216.00
(7) Bottle of 750 ml Priced more than Rs. 105.00 and up to Rs. 250.00	Rs. 232.00
(8) Bottle of 750 ml Priced more than Rs. 105.00 and up to Rs. 250.00	Rs. 256.00
(9) Bottle of 750 ml. Priced more than Rs. 150.00 and up to Rs. 150.00	Rs. 340.00
(10) Bottle of 750 ml priced more Rs. 250.00	Rs. 420.00
(b) (1) For the sale of concessional Rum thorough F. L.- 9A License for C.S.D. Canteens (Ex Distillery / Ex-Bond) Bottle of 750 ml. Priced up to Rs. 20.00	Rs. 53.33
(2) For sale of all other sort of spirits (except concessional Rum categorised in sub-clause (1) through F.L. 9 Licence of C.S.D. Canteens.	Half of the duty notified on the spirit
6 Wines	
Bottle of 750 ml.	Rs. 66.66 or twenty five per cent of maximum retail price of bottle which ever is more.

(iii) Year 2003-2004

Ntofication No - 847 E 2 / XIII 2003-2/2002 dated Lucknow, March 20, 2003

4 (a) All other sorts of spirit and wine except	Rate of duty per Bulk Litre
(i) Denatured spirit and	
(ii) Alcohol / Rectfied spirit imeed to Bonded / Unbonded Pharmacies licenced under the Medicinal and Toilet preperation (Excise Duty, Act 1955)	
(1) Bottle of 750 ml, Priced up to Rs. 20.00	Rs. 124.00
(2) Bottle of 750 ml priced more than 20.00 and up to Rs. 25.00	Rs. 144.00
(3) Bottle of 750 ml priced more than Rs. 25.00 and up to Rs. 35.00	Rs. 164.00
(4) Bottle of 750ml priced more than Rs. 35.00 and up to Rs. 45.00	Rs. 176.00
(5) Bottle of 750 ml priced more than Rs. 45.00 and up to Rs. 55.00	Rs. 192.00
(6) Bottle of 750 ml priced more than Rs. 55.00 and up to Rs. 75.00	Rs. 240.00
(7) Bottle of 750 ml Priced more than Rs. 105.00 and up to Rs. 250.00	Rs. 256.00
(8) Bottle of 750 ml Priced more than Rs. 105.00 and up to Rs. 250.00	Rs. 284.00
(9) Bottle of 750 ml. Priced more than Rs. 150.00 and up to Rs. 150.00	Rs. 376.00
(10) Bottle of 750 ml priced more Rs. 250.00	Rs. 464.00
(b) (1) For the sale of concessional Rum thorough F. L.-9A License for C.S.D. Canteens (Ex Distillery / Ex-Bond) Bottle of 750 ml. Priced up to Rs. 20.00	Rs. 53.00
(2) For sale of all other sort of spirits (except concessional Rum categorised in sub-clause (1) through F.L. 9 Licence of C.S.D. Canteens.	
6 Wines	
Bottle of 750 ml.	Rs. 66.66 or twenty five per cent of maximum retail price of bottle which ever is more.

(iii) (b)

Ntification No - 1750 E -2 / XIII 2003-2/2003 Lucknow dated, 31.5.2003

From 1st June 2003 to 15-9-04

4 (a) All other sorts of spirit and wine except	Rate of duty per Bulk Litre
(i) Denatured spirit and	
(ii) Alcohol / Rectfied spirit imeed to Bonded / Unbonded Pharmacies licenced under the Medicinal and Toilet preperation (Excise Duty, Act 1955)	
(1) Bottle of 750 ml, Priced up to Rs. 20.00	Rs. 124.00
(2) Bottle of 750 ml priced more than 20.00 and up to Rs. 25.00	Rs. 144.00
(3) Bottle of 750 ml priced more than Rs. 25.00 and up to Rs. 35.00	Rs. 164.00
(4) Bottle of 750ml priced more than Rs. 35.00 and up to Rs. 45.00	Rs. 176.00
(5) Bottle of 750 ml priced more than Rs. 45.00 and up to Rs. 55.00	Rs. 192.00
(6) Bottle of 750 ml priced more than Rs. 55.00 and up to Rs. 75.00	Rs. 240.00
(7) Bottle of 750 ml Priced more than Rs. 105.00 and up to Rs. 250.00	Rs. 256.00
(8) Bottle of 750 ml Priced more than Rs. 105.00 and up to Rs. 250.00	Rs. 284.00
(9) Bottle of 750 ml. Priced more than Rs. 150.00 and up to Rs. 150.00	Rs. 376.00
(10) Bottle of 750 ml priced more Rs. 250.00	Rs. 464.00
(b) (1) For the sale of concessional Rum thorough F. L - 9A License for C.S.D. Canteens (Ex Distillery / Ex-Bond) Bottle of 750 ml. Priced up to Rs. 20.00	Rs. 53.00
(2) For sale of all other sort of spirits (except concessional Rum categorised in sub-clause (1) through F.L. 9 Licence of C.S.D. Canteens.	Half of the consideration notified on that spirit
6 Wines	
Bottle of 750 ml.	Rs. 66.66 or twenty five per cent of maximum retail price of bottle which ever is more.

(iv) Year 2004-05

Notification No - 2933 E -2 / XIII 2004-2-2004 dated, 16 September 2004

From 16 September 2004

4 (a) All other sorts of spirit and wine except	Rate of consideration fee per bulk litre
(i) Denatured spirit and	
(ii) Alcohol / Rectified spirit issued to Bonded / Unbonded Pharmacies licenced under the Medicinal and Toilet preparation (Excise Duty, Act 1955)	
(1) Bottle of 750 ml, Priced up to Rs. 24.00	Rs. 124.00
(2) Bottle of 750 ml priced more than 24.00 and up to Rs. 29.00	Rs. 144.00
(3) Bottle of 750 ml priced more than Rs. 29.00 and up to Rs. 39.00	Rs. 164.00
(4) Bottle of 750ml priced more than Rs. 39.00 and up to Rs. 49.00	Rs. 176.00
(5) Bottle of 750 ml priced more than Rs. 49.00 and up to Rs. 59.00	Rs. 192.00
(6) Bottle of 750 ml priced more than Rs. 59.00 and up to Rs. 79.00	Rs. 240.00
(7) Bottle of 750 ml Priced more than Rs. 79.00 and up to Rs. 109.00	Rs. 256.00
(8) Bottle of 750 ml Priced more than Rs. 109.00 and up to Rs. 154.00	Rs. 284.00
(9) Bottle of 750 ml. Priced more than Rs. 154.00 and up to Rs. 254.00	Rs. 376.00
(10) Bottle of 750 ml priced more Rs. 254.00	Rs. 464.00
(b) (1) For the sale of concessional Rum thorough F. L.- 9A License for C.S.D. Canteens (Ex Distillery / Ex-Bond) Bottle of 750 ml. Priced up to Rs. 24.00	Rs. 53.33
(2) For sale of all other sort of spirits (except concessional Rum categorised in sub-clause (1) through F.L. 9 Licence of C.S.D. Canteens.	Half of the duty notified on that spirit
6 Wines	
Bottle of 750 ml.	Rs. 66.66 or twenty five per cent of maximum retail price of bottle which ever is more.

4 (a) All other sorts of spirit and wine except	Rate of consideration fee per bulk litre
(i) Denatured spirit and	
(ii) Alcohol / Rectified spirit immed to Bonded / Unbonded Pharmacies licenced under the Medicinal and Toilet preparation (Excise Duty, Act 1955)	
(1) Bottle of 750 ml. Priced up to Rs. 24.00	Rs. 124.00
(2) Bottle of 750 ml priced more than 24.00 and up to Rs. 29.00	Rs. 144.00
(3) Bottle of 750 ml priced more than Rs. 29.00 and up to Rs. 39.00	Rs. 164.00
(4) Bottle of 750ml priced more than Rs. 39.00 and up to Rs. 49.00	Rs. 176.00
(5) Bottle of 750 ml priced more than Rs. 49.00 and up to Rs. 59.00	Rs. 192.00
(6) Bottle of 750 ml priced more than Rs. 59.00 and up to Rs. 79.00	Rs. 240.00
(7) Bottle of 750 ml Priced more than Rs. 79.00 and up to Rs. 109.00	Rs. 272.00
(8) Bottle of 750 ml Priced more than Rs. 109.00 and up to Rs. 154.00	Rs. 300.00
(9) Bottle of 750 ml. Priced more than Rs. 154.00 and up to Rs. 254.00	Rs. 392.00
(10) Bottle of 750 ml priced more than Rs. 254.00	Rs. 480.00
(b) (1) For the sale of concessional Rum thorough F. L- 9A License for C.S.D. Canteens (Ex Distillery / Ex-Bond) Bottle of 750 ml. Priced up to Rs. 24.00	Rs. 53.33
(2) For sale of all other sort of spirits (except concessional Rum categorised in sub-clause (1) through F.L. 9 Licence of C.S.D. Canteens.	Half of the duty notified on that spirit
6 Wines	
Bottle of 750 ml.	Rs. 66.66 or twenty five per cent of maximum retail price of bottle which ever is more.

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	V	
206.	Vat	2.4 (40)
207.	Vend for foreign liquor	6.23
	W	
208.	Wash	2.4 (41)
209.	Wash back	2.4 (42)
210.	Warehouse	2.4 (43)
211.	Worts	2.4 (44)
212.	Wastage allowance	3.59 & 3.60
213.	Working of the Brewery	4.4
214.	Write of cases	8.1 (a)
	X, Y, Z	
215.	Yeild	2.4 (45)
216.	Yearly estimated requirment of distillery in form MF - 8	3.19
2.17	Yeild of spirit from molasses	3.32
