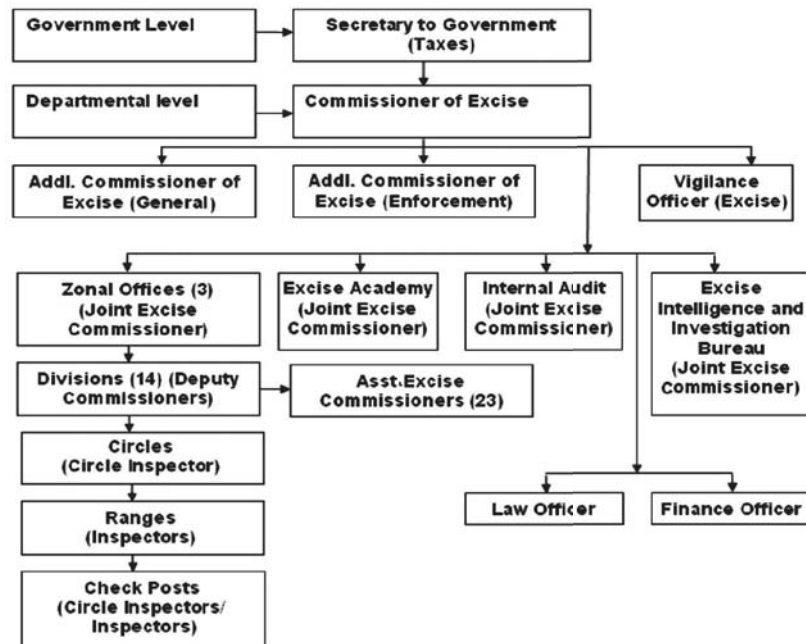


## CHAPTER-II: BACKGROUND INFORMATION

### 2.1 What is the organisational setup of the Department?

The Secretary to the Government (Taxes) is in charge of the Department at the Government level and Excise Commissioner is in charge of the Department at the Departmental level. The Excise Commissioner is assisted by two Additional Excise Commissioners for General Administration and Enforcement respectively. The State is divided into three zones for administrative purpose, each under the control of a Joint Excise Commissioner. The divisions at the district level are under the Deputy Commissioners. The circles at *taluk* level are under the control of the Circle Inspector of Excise. The circles are further divided into various ranges administered by Inspectors of Excise. The Excise Inspectors are assisted by preventive officers and guards. In addition, a Drugs and Narcotic Cell and an Excise Intelligence and Investigation Bureau function under the Department. There are also various border check posts for preventing illegal transportation of goods.

The organogram of the Department is given below:



### 2.2 What are the main functions of the Department?

As per the Annual Administrative report of the Excise Department, the main functions are as listed below:

- Administer the Abkari Act, the Prohibition Act 1950, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Medicinal and Toilet Preparations (Excise Duties) Act, 1955 and the Spirituous Preparations (Inter State Trade and Commerce) Central Act, 1955;
- Submit proposals for the annual Abkari policy of the Government;
- Issue licenses for setting up outlets for sale of liquor;

- Demand and collect excise revenue leviable under the various Acts and Rules administered by the Department;
- Supervise breweries, distilleries and godowns; and
- Prevent production, transportation and consumption of illicit/harmful spirituous preparations.

### **2.3 Is the Department a regulator or a revenue generator?**

The total revenue realised from State excise and the tax revenue of the State for the last five years was as follows:

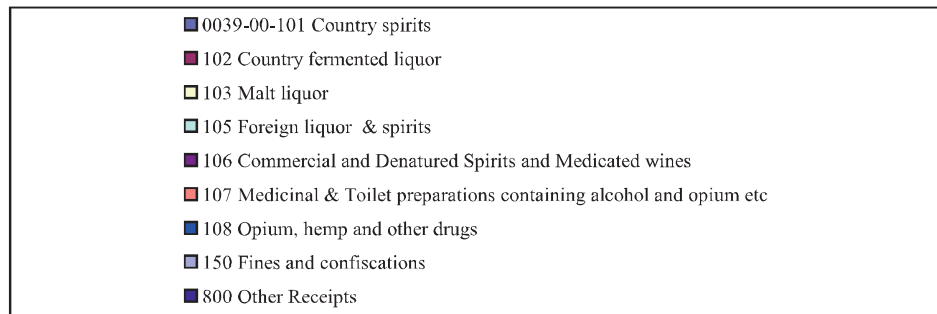
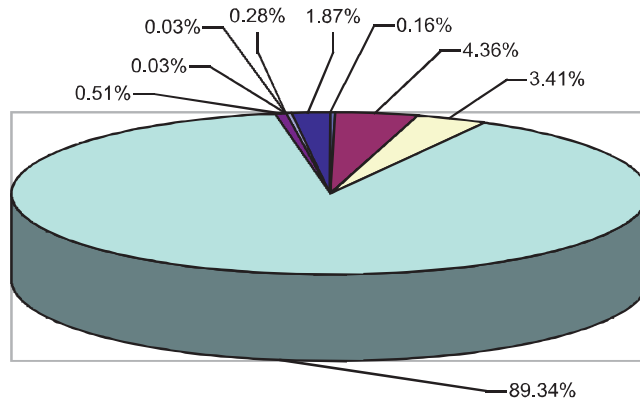
Year	Total tax receipts	Excise revenue	Percentage of excise revenue
	(₹ in crore)		
2006-07	11941.82	953.07	7.98
2007-08	13668.95	1169.25	8.55
2008-09	15990.18	1397.64	8.74
2009-10	17625.02	1514.81	8.60
2010-11	21721.69	1699.55	7.82

The table indicates that excise revenues accounted for 7-9 per cent of the total tax revenue of the state. The actual receipts under different minor heads were as follows:

(₹ in crore)

Minor heads	2006-07	2007-08	2008-09	2009-10	2010-11
0039-00-101 Country Spirits	1.03	2.77	3.47	0.69	0.31
102 Country fermented liquor	41.67	42.25	94.71*	41.02	30.45
103 Malt Liquor	23.59	41.08	49.40	57.68	69.83
105 Foreign Liquor & Spirits	851.21	1,056.59	1,210.36	1,380.03	1,568.83
106 Commercial and Denatured Spirits and Medicated Wines	19.84*	4.86	0.17	0.73	0.29
107 Medicinal & Toilet Preparations containing alcohol and Opium etc	0.28	0.50	0.42	0.55	0.49
108 Opium, hemp and other drugs	0.11	0.70	0.10	0.37	0.15
150 Fines and confiscations	1.87	2.80	4.48	5.07	6.58
800 Other Receipts	13.47	17.70	34.53	28.67	22.59
Total	953.07	1,169.25	1,397.64	1,514.81	1,699.52

\* The reason for the large variation under these heads could not be identified as there was no reconciliation of receipts



We noticed that 90 to 95 *per cent* of the excise revenue relates to foreign liquor and spirits. The revenue from spirit and foreign liquor is remitted from the distilleries or the KSBC, which is the sole licensee in the State for storage, distribution and sale of foreign liquor, where the Excise department performs only supervisory functions. In the toddy sector also, the rentals and tree tax are being remitted in advance from the year 2002 vide the Kerala Abkari Shops Disposal Rules, 2002.

We are of the view that as only limited effort is needed from the Excise Department to generate and collect revenue, the departmental activities are more geared towards regulation and enforcement.