

## **ANDHRA PRADESH RECTIFIED SPIRIT RULES, 1971**

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## **ANDHRA PRADESH RECTIFIED SPIRIT RULES, 1971**

In exercise of the powers conferred by Section 72 of the Andhra

Pradesh Excise Act, 1968 (Andhra Pradesh Act 17 of 1968), the Governor of Andhra Pradesh hereby makes the following rules, the same having been previously published as required by sub-section (1) of Section 72 of the said Act.

**1. . :-**

(1) These rules may be called the Andhra Pradesh Rectified Spirit Rules, 1971.

(2) They shall extend to the whole of the State of Andhra Pradesh and shall be deemed to have come into force on and from the 1st March, 1970.

**2. In these rules unless the context otherwise requires :-**

(a) 'Act' means the Andhra Pradesh Excise Act, 1968;

(b) 'Authorised Officer' means an Officer duly authorised by the Commissioner for the purposes of these rules;

(c) 'duty free rectified spirit' means rectified spirit in respect of which the payment of excise duty has been exempted under Section 68 of the Act;

(d) 'Form' means a form appended to these rules;

(e) 'licence' means a licence granted under these rules;

(f) 'licenced premises' means premises in respect of which a licence is granted under the Act;

(g) 'manufactory or laboratory' means the place where rectified spirit is processed and used for the manufacture of products;

(h) 'permit' means a permit granted under these rules;

(i) 'place of import' means any place in the State of Andhra Pradesh from which the rectified spirit is exported;

(j) 'place of import' means any place in the State of Andhra Pradesh into which any rectified spirit is imported;

(k) 'rectified spirit' means liquor containing undenatured alcohol of a strength not less than 50% overproof and includes absolute alcohol in other forms; but does not include arrack issued in varying degrees on concentration for potable purposes;

(l) 'spirit room' means that portion of the manufactory which is set

apart for the storage of alcohol.

**3. . :-**

No person shall possess, use, transport, import or export rectified spirit except under and in accordance with these rules and conditions of a licence or permit granted under these rules.

**4. . :-**

Rectified spirit shall not be issued from a distillery or a warehouse without prepayment of administrative fee meant for industrial purposes. In case of potable purposes, rectified spirit shall not be issued from a distillery or a warehouse without prepayment of excise duty except when rectified spirit is moved in bond or when payment of Excise duty has been exempted.

**5. . :-**

Any Registered Medical Practitioner desiring to possess and use rectified spirit for any bona fide medicinal dispensing purposes, may apply to the Commissioner in Form A.R.S-I for grant of a licence. The Commissioner may after such enquiry as he may consider necessary, grant a licence in Form RS-I on payment of a licence fee of Rs.10 (Rupees Ten) to the medical practitioners.

**6. . :-**

Licence for possession and use of rectified spirit for bonafide medical, scientific, educational, research and laboratory purposes may be granted by the Commissioner in Form R.S-II on payment of the annual licence fee of Rs.25 (Rupees Twenty five)

**7. . :-**

Any person desiring to possess and use rectified spirit for any of the purposes mentioned in Rule 6 shall make an application for a licence in Form A.R.S-II to the Commissioner accompanied by a treasury or bank challan in proof of the payment of the fee specified in Rule 6 for the licence applied for.

**8. . :-**

On receipt of an application under Rule 7 the Commissioner may make such enquiry as he may consider necessary and on being satisfied that the request is bona fide, may grant the licence.

**9. . :-**

No licence in Form R.S-II for possession and use of R.S. for purposes specified in Rule 6 shall be granted unless the applicant has executed a counterpart agreement in Form RS IV undertaking

to pay the excise duty and to observe the provisions of the Act, the rules, regulations and orders made thereunder, and the conditions of the licence.

**10. . :-**

The Commissioner may grant a licence in Form RS-III for possession and use of rectified spirit for industrial purposes on payment of annual licence fee of Rs.500 (Rupees Five Hundred only).

**11. . :-**

Any person desiring to possess and use rectified spirit for industrial purposes may make an application to the Commissioner for grant of licence, in Form A.R.S-III.

**12. . :-**

On receipt of the application under Rule 11 the Commissioner shall cause such enquiry as he may consider necessary and on being satisfied that the request is bona fide may grant the licence :

Provided that no licence for issue of rectified spirit shall be granted if the Commissioner is satisfied that denatured spirit may be used for the said industrial purposes;

Provided further that the Commissioner may consult the Director of Industries in regard to the allotment of alcohol to a particular industry

.

**13. . :-**

(1) No person shall be granted licence for possession and use of rectified spirit for industrial purposes unless the applicant-

(a) deposits as security for the fulfilment of all the conditions of his licence such sum as may be fixed by the Government from time to time which shall not be less than Rs.15,000 in cash in the Government treasury ; and

(b) executes an agreement in Form RS-V for payment of the costs, charges and expenses including salaries and allowances of such Excise staff as may be determined by the Commissioner or his nominee to be posted at the manufactory of the licensee in connection with the supervision to ensure compliance with the provisions of the Act, the rules and terms of the licence. The staff shall be under the supervision and control of the Commissioner or

the Authorised Officer.

(2) The licensee shall, if required by the Commissioner deposit into the Government Treasury such amount as may be demanded towards the salaries and allowances of the Government establishment posted at the manufactory, but he shall not make any direct payment to any member of such establishment.

**14. . :-**

(1)

(i) No rectified spirit shall be imported save as under an import permit granted by the Commissioner and in accordance with the provisions of these rules.

(ii) Any person desiring to import (hereinafter referred to as the importer) rectified spirit shall apply in Form ARS-VI to the Commissioner.

(iii) On receipt of the application for permit to import; the Commissioner shall make such employee as he may consider necessary and may grant, if he is satisfied as to its genuineness, the permit in Form RS-IV on payment of the administrative fee from industrial units on the consignment to the credit of Government of Andhra Pradesh.

(2) The Commissioner in exercising his powers in granting a permit shall have regard to the following considerations namely :

(i) that the rectified spirit is for use for bona fide medicinal, scientific, industrial or such like purposes; and

(ii) that the provisions of the Act, and of the rules, orders and regulations made thereunder and conditions of licence granted to the applicant are likely to be contravened.

(3) Such permits shall not be granted except on production of evidence that the administrative fee has been paid to the credit of the Government under the Act.

(4) The importer shall immediately, on arrival of the consignment of rectified spirit at the place of import, inform the local Excise Officer of its arrival. The Excise Officer shall, within 72 hours from the time of his receiving the intimation, verify the consignment and satisfy that the seals on the various receptacles and packages tally with that shown in the import permit. If the seals seem to have

been tampered, the said Officer shall open them and verify if the contents thereof are in accordance with the particulars in the permit.

(5)

(i) If the consignment tallies with the details given in the import permit, the consignment shall be handed over to the importer. In cases where there is material discrepancy between the contents of the consignment and the details of rectified spirit mentioned in the import permit, the officer shall not release the consignment but shall report the fact to his immediate superior and act according to his orders.

(ii) The importer shall not in any way deal with the consignment which is not released to him under clause (i) of this sub-rule.

(iii) In a case where the rectified spirit which has been imported is not covered by a certificate from the Chemical Examiner, of the place from which the consignment is despatched, the samples shall be sent to the Chemical Examiner for analysis and report and till such time analysis report is received, the importer shall not use or otherwise deal with such rectified spirit or remove it to any place.

(6) The local Excise Officer shall within ten days of the receipt of information by him of the arrival of the consignment at the place of import, report to the Excise Superintendent the result of his verification under sub-rule (4) and action taken by him under sub-rule (5) of this rule.

(7) The cost of conveying the consignment of rectified spirit to the place of import and all risks incidental to such conveyance shall be borne by the importer.

**15. . :-**

(1) No rectified spirit shall be exported save under an export permit and in accordance with these rules.

(2) Any person manufacturing or possessing rectified spirit desires to export (herein-after referred as to the exporter) it for the purpose of its exportation to any area outside the State, shall apply in Form ARS-V to the Commissioner for export permit in that behalf. No such application shall be entertained unless rectified spirit is in surplus in the State. The application shall be accompanied by an import permit, or a no objection certificate or

an import licence issued by a competent authority of the place to which the rectified spirit is to be exported.

(3)

(i) [xxxxxx]

(ii) Such permit shall not be granted unless an indemnity bond shall be submitted by the Exporter on total quantity of bulk litres (bulk litres only) permitted to export binding himself severally to pay the full duty at Rs. 15-40 per bulk litre on all losses, by way of diriage, short delivery, non-delivery of Rectified Spirit or otherwise over and above the admissible loss limit of 0.5% towards transit wastage with interest on all losses in transit.

(iii) [xxxxxx]

(iv) [xxxxxx]

(v) [xxxxxx]

**16. . :-**

The Commissioner, may by an order cancel any import or export permit issued under Rule 14 or Rule 15 for breach of any of the terms subject to which such permit was issued or for any other reasons to be recorded in writing therein.

**17. . :-**

(1) Any licensee desiring to purchase and transport rectified spirit as purchased from the warehouse or the distillery as the case may be to the licensed premises of the applicant, he shall submit a requisition in Form A.R.S-VI signed by him to the Excise Superintendent within whose jurisdiction, licensed premises of the licensee (transporter) is situated.

(2) If the Excise Superintendent is satisfied that there is no objection to grant the transport permit applied for, he may issue a permit for transport of RS in Form RS VIII on payment of fee of Rs.2 only. Every permit issued under this sub-rule shall specify :

(a) the name of the person authorised to transport rectified spirit;

(b) the period for and the route through which the permit shall be valid (Transport shall not deviate from the route specified in the permit);

(c) the quantity, strength and description of rectified spirit for

which it is issued ; and

(d) other particulars and conditions as specified in R.S Form VII;

(3) Actual shortages in transit duly certified by the concerned Excise Officer not exceeding 1/2% shall be allowed including losses due to evaporation during transit. Any shortage in transit over and above 1/2% shall be indemnified in full by payment of excise duty with such penalty as may be imposed.

(4) Such permit shall be in four parts and shall be dealt with as under : Part-I shall be kept on record of the officer granting the permit; Part-II shall be handed over to the applicant for sending with the consignments; Part-III shall be sent to the warehouse officer or Distillery Officer as the case may be from whom the rectified spirit is to be purchased; and Part-IV shall be sent to Circle Inspector of Excise in whose jurisdiction the licensed premises of the licensee to which rectified spirit to be transported is situated.

(5) The licensee or person authorised by him shall then present the Part-II of the transport permit to the warehouse or Distillery Officer as the case may be, who shall check this part with Part-III of the transport permit received by him under sub-rule (4), if they are found to tally in all respects, the warehouse or Distillery Officer as the case may be, may issue the quantity of rectified spirit stated in the transport permit and make an endorsement to that effect under his signature on Parts-II and III of the transport permit and hand over Part-II to the transporter and retain Part-III thereof for his record.

(6) Except as provided in sub-rule (7), no transport permit shall be granted unless the transport is incidental to the purchase of rectified spirit.

(7) Transport permit may also be issued by the Excise Superintendent in cases where the transport is not incidental to the purchase of rectified spirit with the permission of the licensing authority on presentation of a requisition in Form A.R.S.VI of the Excise Superintendent. The Excise Superintendent shall issue the permit in Form R.S.VIII on payment of fee of Rs.2/- (Rupees two only). Such permit shall be in II parts and shall be dealt with as under- Part I shall be kept on the record of the Officer granting the permit. Part II shall be handed over to the applicant for sending it with consignment, and Part III shall be sent to the Circle Inspector of Excise of the place to which rectified spirit is to be transported.



**18. . :-**

(1) If the licensee or permit holder under these rules is guilty of breach of any of the rules, his licence or permit is liable for cancellation and he will also be prosecuted under the relevant provisions of the Act.

(2) The licence is also liable to be suspended by the licensing authority pending investigation or enquiry in breach of these rules or licence conditions by the licensee or by any person in his employ:

Provided that revocation under sub-rule (1) and suspension under sub-rule (2) shall not be made until the holder of the licence has been given an opportunity for showing cause against the action proposed to be taken.

(3) Every such order shall be in writing and shall specify the reasons for the suspension or revocation and shall be communicated to the licensee.

(4) When a licence is cancelled or suspended under this rule, the holder of the licence shall not be entitled to claim from the Government any compensation or refund of licence fee for such cancellation or suspension.

**19. . :-**

(1) The licence issued or renewed under these rules shall be for a period not exceeding one year commencing from the 1st April of the year and ending with 31st March of the succeeding year.

(2) The fraction of a year shall be reckoned as one complete year for the purpose of charging licence fee specified under these rules.

**20. . :-**

(1) A licence holder desiring to renew the licence after its expiry shall make an application for renewal to the Commissioner in such one of the proper forms, namely, A.R.S-I or A.R.S-II or A.R.S-III as may be appropriate to the case, at least one month before the commencement of the year for which renewal is required.

(2) Every such application for renewal of licence shall be accompanied by a treasury or bank challan showing payment of such fee as prescribed under these rules for the licence applied for.

(3) The licensing authority shall follow the same procedure for renewal of RS-I or RS-II or RS-III licences as prescribed for grant of the said licences under these rules.

**21. . :-**

The licensing authority may, at any time, call for any licence and may amend or alter it or may tender to the licensee a new licence in accordance with any further conditions which may be prescribed. No correction in the licence shall be valid unless ordered by the licensing authority and attested by the licensing authority.

**22. . :-**

(1) If the licence applied for is not granted, the applicant may apply for refund of the licence fee from the Commissioner and the Commissioner may refund the licence fee.

(2) If the applicant surrenders his licence at any time either before the commencement of the licence or during the currency of the licence, the licence fee proportionate to the un-expired portion of the term of the licence, or which it would have been current but for such surrender, shall not be refunded.

**23. . :-**

The Commissioner is competent to impose such restrictions or to fix such quotas and to impose cuts on the quotas so fixed as he may consider necessary on the quantity of Rectified Spirit to be allotted to the licensees depending on the availability, demand and need for equitable distribution of rectified spirit in different local areas of the State and also depending upon the use for which it is intended.

**24. . :-**

(1) Every licence shall be deemed to have been granted or renewed personally to the licensee and no licence shall be transferred.

(2) Where a licensee sells or transfers his business to any other person, the purchaser or the transferee shall obtain a fresh licence under these rules but it shall be granted on payment of the fee as is charged for fresh licence.

(3) No person shall be recognised as a partner of the licensee for the purposes of the licence unless the partnership has been declared to the Commissioner before the licence is granted and no additional partner shall be included or the existing partner excluded without the express sanction of the Commissioner.

(4) Where the additional partner is included or existing partner is excluded, under sub-rule (3) the licence shall thereafter be suitably amended. Where a partnership is entered into, the partner as well as the original holder of the licence shall be bound by the conditions of that licence.

(5) If a partnership is dissolved, 3[either by the act of the parties or on account of the death of a partner or for any other reason] every person who was a partner immediately before such dissolution shall send a report of the dissolution to the licensing authority within ten days thereof.

(6) The licensee shall not sub lease his licence nor shall he in connection with the exercise of the rights conferred upon him by the licence, enter into any agreement or arrangement which in the opinion of the licensing authority is of the nature of a sub- lease.

(7) No licence shall be granted to a minor.

(8) If during the currency of the licence, the licensee desires to transfer his business to new premises he shall do so after prior approval of the licensing authority.

**25. . :-**

The licensee in Form RS. III should observe such timings as may be specified by the Commissioner.

**26. . :-**

Licensee shall use rectified spirit only for the purposes for which the licence is granted.

**27. . :-**

Any officer not below the rank of Sub-Inspector of Excise is competent to inspect the licensed premises and the licensee is bound to afford all reasonable facilities to the Inspecting Officer.

**28. . :-**

The licensee shall not consume or allow rectified spirit to be consumed in any form in the premises.

**29. . :-**

Any consignment received in the licenced premises shall be opened only in the presence of Excise Officer. It shall be verified in volume and strength and receipt of such supply shall be entered in a register to be maintained for the purpose. The Excise Officer shall intimate the result of verification to the licensing authority.

**30. . :-**

The licensee shall not allow rectified spirit to be used or removed, to any place not authorised in the licence. He shall not use rectified spirit except in his own presence or in the presence of any person duly authorised by him in writing in this behalf.

**31. . :-**

Whenever rectified spirit is moved in bond, the label 'not duty paid', shall be affixed on containers or receptacles.

**32. . :-**

The licensee shall not allow rectified spirit to be denatured.

**33. . :-**

The licensee shall maintain such accounts and registers and shall furnish such periodical returns as may be required by the licensing authority.

**34. . :-**

The licensee shall maintain such weights and testing instruments as may be necessary and keep them in good condition and shall on requisition produce them to the Inspecting Officers at any time to enable him to measure, weigh or test any rectified spirit in his possession. He shall provide and maintain satisfactory storage facility for the rectified spirit.

**35. . :-**

If any doubt arises as to application or interpretation of these rules, the decision of the Commissioner in respect thereof shall be final. Subject to the provisions of the Act and these rules, the Commissioner may from time to time, give such directions as he may think fit for the purpose of carrying out the provisions of these rules.

**36. . :-**

The provisional licences for possession, use or sale of rectified spirit granted for the period from the 1st March, 1970 to the 30th September, 1970, and thereafter pending making of these rules, shall be deemed to have been granted under these rules.

**37. . :-**

The Licensee shall pay such amount as fixed by the licensing authority towards security deposit to ensure compliance with the conditions of licence and these rules.

